

SCHEDULE A

DRAFT ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF MADIBENG LOCAL MUNICIPALITY 2017/18 TO 2019/20

DRAFT ANNUAL BUDGET OF

MADIBENG LOCAL MUNICIPALITY

NW 372

2017/18 TO 2019/20
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

| | | | |
|--------|--|-------|---|
| AMR | Automated Meter Reading | LED | Local Economic Development |
| ASGISA | Accelerated and Shared Growth Initiative | MEC | Member of the Executive Committee |
| BPC | Budget Planning Committee | MFMA | Municipal Financial Management Act Programme |
| CBD | Central Business District | MIG | Municipal Infrastructure Grant |
| CFO | Chief Financial Officer | MPRA | Municipal Properties Rates Act |
| MM | Municipal Manager | MSA | Municipal Systems Act |
| CPI | Consumer Price Index | MTEF | Medium-term Expenditure Framework |
| CRRF | Capital Replacement Reserve Fund | MTREF | Medium-term Revenue and Expenditure Framework |
| DBSA | Development Bank of South Africa | NERSA | National Electricity Regulator South Africa |
| DoRA | Division of Revenue Act | NGO | Non-Governmental organisations |
| DWA | Department of Water Affairs | NKPIs | National Key Performance Indicators |
| EE | Employment Equity | OHS | Occupational Health and Safety |
| EEDSM | Energy Efficiency Demand Side Management | OP | Operational Plan |
| FBS | Free basic services | PBO | Public Benefit Organisations |
| GAMAP | Generally Accepted Municipal Accounting Practice | PHC | Provincial Health Care |
| GDP | Gross domestic product | PMS | Performance Management System |
| GFS | Government Financial Statistics | PPE | Property Plant and Equipment |
| GRAP | General Recognised Accounting Practice | PPP | Public Private Partnership |
| HR | Human Resources | PTIS | Public Transport Infrastructure System |
| HSRC | Human Science Research Council | RG | Restructuring Grant |
| IDP | Integrated Development Plan | RSC | Regional Services Council |
| IT | Information Technology | SALGA | South African Local Government Association |
| Kl | kilolitre | SAPS | South African Police Service |
| Km | kilometre | SDBIP | Service Delivery Budget Implementation Plan |
| KPA | Key Performance Area | SMME | Small Micro and Medium Enterprises |
| KPI | Key Performance Indicator | | |
| KWh | kilowatt | | |
| l | Litre | | |

Part 1 – Annual Budget

1.1 Executive Mayor's Report

Honourable Speaker of Council-Clr. K Ntshabele, Honourable Single Whip of Council- Clr. P Makgabo

Honourable Chairperson of Municipal Public Accounts-Clr. D Diale

Members of the Mayoral Committee, Magosi a Rona, The Acting Accounting Officer Mr. ME Manaka, Acting Chief Finance Officer - Mr. S Rikhotso

Directors and Managers, Entire Officials of the Municipality, Representative Workers Unions

Our Mass Democratic Movement Structures, Business Community and its Representation

Baagi ba ba tlhomphegileng ba Madibeng, Representatives from the media, All protocol observed

Honourable Speaker

The proposed budget of Madibeng Local municipality for the 2017/18 financial year totals R 2.607 billion, comprising of R 2.306 billion Operating Expenditure and R 301 million for Capital expenditure.

The Operating Revenue Budget has grown by R 94.1 million or 6% to R 1.688 billion when compared to the 2016/17 Approved Budget and increased by R 124.2 million or 7% when compared to the 2016/17 Adjustment Budget. The Operating Revenue is slightly increasing over the Medium Term Period. For the two outer years, Operating Revenue Budget will grow by 14% to R1.808 billion and by 19% to R1.930 billion respectively.

The Operating Expenditure Budget has grown by R 723.2 million or 31% to R 2.306 billion when compared the 2016/17 Approved Budget and increased by R 744.5 million or 32% when compared to the 2016/17 Adjustment Budget. For the two outer years, Operating Expenditure Budget will grow by 34% to R 2.353 billion and by 36% to R 2.420 billion respectively.

The Capital Expenditure Budget has grown by R 45.7 million to R 301 million when compared with the 2016/17 Approved Capital Budget. For the two outer years, Capital Budget is appropriated at R 324.4 million and R 357.9 million respectively.

I recommend that the Council approves and adopts the following resolutions:

1.2 Draft Council Resolutions

1. That cognisance be taken:
 - 1.1. of the contents of the report;
 - 1.2. Annexure A, the 2017/2018 Budget book;
 - 1.3. Annexure B, the 2017/2018 tariffs;
 - 1.4. Annexure C, the 2017/2018 Budget related policies;
2. That Council approves the draft budget for 2017/18 Medium MTREF as contained "Annexure A"
3. That the following budget related policies is approved with the budget:
 - 3.1. Budget Policy (no amendments)
 - 3.2. Revised Tariff Setting Policy and By-Law
 - 3.3. Revised Credit Control and Debt Collection Policy and By-Law.
 - 3.4. Revised Indigent Household Subsidy Policy
 - 3.5. Revised Bad Debts Write-Off Policy
 - 3.6. Revised Property Rates Policy & By-Law
 - 3.7. Revised Deposit Policy
4. That the draft schedule of Proposed Tariffs hereto presented as the supporting document of budget be approved for public participation for implementation 01 July 2017.
5. That the Medium Term Revenue and Expenditure Framework for the period 2017/18 to 2019/20 be submitted to the National and Provincial Treasuries as required by MFMA.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. The 2017/18 Budget focussed on saving measures, reprioritising of projects.

National Treasury's MFMA Circulars No. 51, 54, 55, 58, 59, 66, 67, 70, 72, 74, 75, 78, 79, 85 and 86 were used to guide the compilation of the 2017/18 MTREF.

National Treasury has set out the requirements for funding the budget and producing a credible budget. Attention was given to Section 18(1) of the MFMA, which states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17(2).

Achievement of this requirement in totality effectively means that a Council has „balanced“ its budget by ensuring that budgeted outflows will be offset by a combination of planned inflows.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, electricity, roads and community infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from water suppliers and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal employees that continue to exceed consumer inflation, as well as the need to fill critical vacancies.
- GDP growth rate is forecasted to increase by 1.3 per cent in 2017 and to improve moderately over the medium term with to 2 per cent and 2.2 per cent in 2018 and 2019 respectively.
- The unemployment rate was 26.5 per cent in the fourth quarter of 2016.
- The Macro-Economic Performance and Projections such as headline inflation forecast. The inflation forecast is estimated to be as follows:

| Fiscal Year | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|---------------|---------|----------|----------|---------|---------|
| | Actual | Estimate | Forecast | | |
| CPI Inflation | 4.6% | 6.4% | 6.4% | 5.7% | 5.6% |

The following budget principles and guidelines directly informed the compilation of the 2016/17 to 2018/2017 MTREF:

- The South African Local Government Bargaining Council entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The preparation of the 2017/18 MTREF constitutes implementation of the last year of the agreement which municipalities must implement as follows:
 - 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

The previous years were:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
- Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance.
- This budget constitutes the proposed financial plan for the next 3 years, it impacts on the community as a whole and it is extremely important to consult the community with a view to accept joint ownership and joint responsibility. All wards within Madibeng are to be consulted for their participation in the IDP stakeholder's consultation forums.
- The 2017/18 budget will pay particular attention to reducing line items that are not critical to service delivery to reinforce cost containment. Municipality has started to implement the cost containment measures on consultancy fees, travel and related costs, advertising, catering, events costs and accommodation.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

Table 1: Consolidated Overview of the 2017/2018 - 2019/2020 Budget

| Description | Approved Budget 2016/2017 | Adjustment Budget 2016/2017 | Budget Year 1 2017/2018 | Budget Year +1 2018/2019 | Budget Year +2 2019/2020 |
|--------------------------|------------------------------|--------------------------------|----------------------------|-----------------------------|-----------------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Operating Revenue | 1 594 000 | 1 563 983 | 1 688 185 | 1 808 864 | 1 930 809 |
| Operating Expenditure | 1 582 851 | 1 561 520 | 2 306 054 | 2 353 803 | 2 420 970 |
| Surplus/(Deficit) | 11 149 | 2 463 | (617 869) | (544 939) | (490 161) |
| Capital Expenditure | 255 211 | 258 232 | 301 005 | 324 486 | 357 935 |
| TOTAL BUDGET | 266 360 | 260 695 | (316 864) | (220 453) | (132 226) |
| | | | | | |

The proposed budget of Madibeng Local municipality for the 2017/18 financial year totals R 2.607 billion, comprising of R 2.306 billion Operating Expenditure and R 301 million for Capital expenditure.

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The Operating Expenditure Budget has grown by R 723.2 million or 31% to R 2.306 billion when compared the 2016/17 Approved Budget and increased by R 744.5 million or 32% when compared to the 2016/17 Adjustment Budget. For the two outer years, Operating Expenditure Budget will grow by 34% to R 2.353 billion and by 36% to R 2.420 billion respectively.

The Capital Expenditure Budget has grown by R 45.7 million to R 301 million when compared with the 2016/17 Approved Capital Budget. For the two outer years, Capital Budget is appropriated at R 324.4 million and R 357.9 million respectively.

1.4 Operating Revenue Framework

For Madibeng Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The proposed tariff increases from various sector departments were also considered.

- Eskom-bulk tariff increase of 2.2 per cent;
- NERSA approval on municipal electricity tariffs of 0.31 per cent;
- Rand-Water tariff increase and;
- City of Tshwane Tariff increase.

The proposed main average tariff increases are as follows:

Table 2: Proposed Tariff Increase Percentage

| Description | Approved Previous Year 2015/16 | Approved Current Year 2016/17 | MTREF | | |
|----------------|-----------------------------------|----------------------------------|------------------------|---------------------------|---------------------------|
| | | | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| Property rates | 0,0% | 0,0% | 0% | 5,70% | 5.6% |
| Electricity | 12,2% | 7,6% | 0,31% | 5,70% | 5.6% |
| Water | 13,0% | 6,6% | 6,4% | 5,70% | 5.6% |
| Sewerage | 13,0% | 6,6% | 6,4% | 5,70% | 5.6% |
| Refuse Removal | 4,8% | 6,6% | 6,4% | 5,70% | 5.6% |
| Surcharges | 4,8% | 6,6% | 6,4% | 5,70% | 5.6% |
| Other services | 4,8% | 6,6% | 6,4% | 5,70% | 5.6% |

In the efforts to promote local economic development, to ensure affordable tariffs to the consumers, the recommendation to Council is to keep the 2016/17 property rates tariffs unchanged. This implies that the municipality will not increase the property rates tariffs for the 2017/18 financial year and the two outer years will increase in line with the inflation forecast. National Treasury also continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality.

Table 3: Summary of Operating Revenue by Revenue Source

| Description | Approved Budget 2016/17 | Adjustment Budget 2016/17 | MTREF | | |
|--|----------------------------|------------------------------|------------------------|---------------------------|---------------------------|
| | | | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Property Rates | 294 576 | 294 489 | 303 530 | 321 438 | 340 082 |
| Service Charges - Electricity revenue | 463 816 | 434 416 | 472 396 | 500 108 | 528 047 |
| Service Charges-Water | 148 600 | 148 600 | 150 378 | 159 945 | 168 676 |
| Service Charges - Sanitation revenue | 35 007 | 35 007 | 37 583 | 39 532 | 41 476 |
| Service Charges - Refuse revenue | 30 411 | 30 411 | 32 553 | 33 481 | 35 399 |
| Rental of Facilities and Equipment | 1 755 | 1 755 | 1 270 | 1 345 | 1 423 |
| Interest earned - External Investments | 7 600 | 7 600 | 5 500 | 5 825 | 6 162 |
| Interest Earned - Outstanding debtors | 70 000 | 70 000 | 85 000 | 90 000 | 95 000 |
| Fines | 530 | 530 | 2 000 | 2 013 | 2 025 |
| Licences and Permits | 3 400 | 3 400 | 4 000 | 4 118 | 4 241 |
| Agency services | 6 000 | 6 000 | 9 000 | 9 236 | 9 482 |
| Transfers and Grants – Operational | 515 319 | 515 319 | 571 733 | 627 800 | 683 960 |
| Other Revenue | 16 986 | 16 456 | 13 242 | 14 023 | 14 837 |
| Total Operating Revenue | 1 594 000 | 1 563 983 | 1 688 185 | 1 808 864 | 1 930 809 |

The average collection rate for the past eight months billing against the receipts is 68.9%. Measures are being put in place to improve revenue collection as for the past two month collection was above 75% therefore our provision for doubtful debts is 25%. The 2017/18 Operating Revenue projections take in to consideration the past eight month's performance and other revenue items had to be reduced on the basis of poor performance.

Material variances 2016/17 and 2017/18 financial years:

- The property rates budget has increased by 3%
- Electricity increased by 8%
- Water increased by 1%
- Sanitation increased by 7%

- Refuse increased by 7%
- Interest earned- outstanding debtors increased by 18%
- Licences and permits increased by 15%
- Agency fees increased by 33%
- Transfers and grants-operational increased by 10%
- Other revenue decreased by -24%

Table 4: Summary of Operating Revenue by Municipal Vote

| Municipal Votes | Approved Budget 2016/17 | Adjustment Budget 2016/17 | Budget Year 1 2017/2018 | Budget Year +1 2018/19 | Budget Year +2 2019/2020 |
|---------------------------------------|-------------------------------|---------------------------------|-------------------------------|------------------------------|--------------------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Budget and Treasury office | 405 471 | 405 384 | 966 893 | 1 048 799 | 1 110 950 |
| Infrastructure and Technical Services | 1 031 363 | 1 001 963 | 950 444 | 1 005 331 | 1 113 567 |
| Community Service | 141 237 | 140 937 | 60 271 | 57 700 | 54 154 |
| Human Settlement | 3 443 | 3 443 | 2 514 | 2 662 | 2 817 |
| Economic Development | 2 245 | 2 245 | 2 692 | 12 107 | 113 |
| Public Safety | 10 241 | 10 011 | 6 375 | 6 751 | 7 143 |
| Total Operating Revenue | 1 594 000 | 1 563 983 | 1 989 190 | 2 133 350 | 2 288 744 |

TRANSFERS AND GRANTS ALLOCATION

Revenue from grant funding is set out in Division of Revenue Act (DORA) and the Provincial Gazette. The total transfers and grants allocation to the municipality is R872.7 million in the 2017/18 financial year. The allocation has increased by R 106.9 million or 12% from the 2016/17 adjusted transfers and grants allocation. The allocation for 2018/19 and 2019/20 amount to R 954.2 million and R 1041.8 respectively.

Table 5: Total transfers and grants allocation

| Description | Approved Budget 2016/2017 | Adjustment Budget 2016/2017 | Budget Year 1 2017/2018 | Budget Year +1 2018/2019 | Budget Year +2 2019/2020 |
|-------------------------------------|---------------------------------|-----------------------------------|-------------------------------|--------------------------------|--------------------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Equitable share | 506 149 | 506 149 | 567 442 | 625 845 | 681 745 |
| Financial Management Grant | 1 625 | 1 625 | 1 700 | 1 955 | 2 215 |
| Expanded Public Works Programme | 1 545 | 1 545 | 2 591 | – | – |
| Library Grant | – | 1 300 | – | – | – |
| Municipal Infrastructure Grant | 242 907 | 242 907 | 287 005 | 304 486 | 322 935 |
| Integrated National Electrification | 12 304 | 12 304 | 14 000 | 22 000 | 35 000 |
| Total Grants & Subsidies | 764 530 | 765 830 | 872 738 | 954 286 | 1 041 895 |

- **Operating transfers and grants**

The total operating transfers and grants for the 2017/18 financial year amount to R 571.7 million, R 627.8 million and R 683.9 million for the 2018/19 and 2019/20 financial years.

Table 6: Operational transfers and grants allocation

| Description | Approved Budget 2016/2017 | Adjustment Budget 2016/2017 | Budget Year 1 2017/2018 | Budget Year +1 2018/2019 | Budget Year +2 2019/2020 |
|---------------------------------|------------------------------|--------------------------------|----------------------------|-----------------------------|-----------------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Equitable share | 506 149 | 506 149 | 567 442 | 625 845 | 681 745 |
| Financial Management Grant | 1 625 | 1 625 | 1 700 | 1 955 | 2 215 |
| Expanded Public Works Programme | 1 545 | 1 545 | 2 591 | – | – |
| Library Grant | – | 1 300 | – | – | – |
| Operational Grant | 509 319 | 510 619 | 571 733 | 627 800 | 683 960 |

- **Transfers and Grant Allocations in Kind**

The total grant allocation in kind for the 2017/18 amount to R 196.7 million. The allocation for the 2017/18 financial year has decreased by R79.6 million or by 40% from the 2016/17 financial year allocation. The allocation for the two outer year's amount to R 245.2 million and R 285 million.

Table 7: Transfers and grants allocation in kind

| Description | Approved Budget 2016/2017 | Adjustment Budget 2016/2017 | Budget Year 2017/2018 | Budget Year +1 2018/2019 | Budget Year +2 2019/2020 |
|--|------------------------------|--------------------------------|--------------------------|-----------------------------|-----------------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Eskom grant | 63 757 | 63 757 | 86 729 | 59 271 | 70 000 |
| Municipal Systems Improvement Grant | – | – | – | 761 | – |
| Regional Bulk infrastructure Grant | 187 591 | 187 591 | 50 000 | 60 000 | 60 000 |
| Water Services Infrastructure Grant | 25 000 | 25 000 | 60 000 | 125 175 | 155 000 |
| Total Transfer & Grant Allocation in Kind | 276 348 | 276 348 | 196 729 | 245 207 | 285 000 |

Even though the municipality would not be the implementing agent or fully responsible for implementation, it is recommended that the progress should be monitored and be reported accordingly. The allocation will be transferred directly to:

- Eskom;
- Department of Cooperative Governance and;
- Department of Water Affairs

The Infrastructure and Technical Services Department will liaise with the implementing agents from time to time to monitor the progress and provide feedback thereof.

1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- GDP growth rate is forecasted to increase by 1.3 per cent in 2017 and to improve moderately over the medium term with to 2 per cent and 2.2 per cent in 2018 and 2019 respectively.
- The unemployment rate was 26.5 per cent in the fourth quarter of 2016.
- The Macro-Economic Performance and Projections such as headline inflation forecast. The inflation forecast is estimated to be as follows:

| Fiscal Year | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|---------------|---------|----------|---------|----------|---------|
| | Actual | Estimate | | Forecast | |
| CPI Inflation | 4.6% | 6.4% | 6.4% | 5.7% | 5.6% |

- The South African Local Government Bargaining Council entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The preparation of the 2017/18 MTREF constitutes implementation of the last year of the agreement which municipalities must implement as follows:

- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

The previous years were:

- 2015/16 Financial Year – 7 per cent
 - 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
- Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance.

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

Table 8: Summary of Operating Expenditure by Classification

| Description | Approved Budget 2016/17 | Adjustment Budget 2016/17 | MTREF | | |
|--|-------------------------------|---------------------------------|---------------------------|------------------------------|------------------------------|
| | | | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Property Rates | 294 576 | 294 489 | 303 530 | 321 438 | 340 082 |
| Service Charges - Electricity revenue | 463 816 | 434 416 | 472 396 | 500 108 | 528 047 |
| Service Charges-Water | 148 600 | 148 600 | 150 378 | 159 945 | 168 676 |
| Service Charges - Sanitation revenue | 35 007 | 35 007 | 37 583 | 39 532 | 41 476 |
| Service Charges - Refuse revenue | 30 411 | 30 411 | 32 553 | 33 481 | 35 399 |
| Rental of Facilities and Equipment | 1 755 | 1 755 | 1 270 | 1 345 | 1 423 |
| Interest earned - External Investments | 7 600 | 7 600 | 5 500 | 5 825 | 6 162 |
| Interest Earned - Outstanding debtors | 70 000 | 70 000 | 85 000 | 90 000 | 95 000 |
| Fines | 530 | 530 | 2 000 | 2 013 | 2 025 |
| Licences and Permits | 3 400 | 3 400 | 4 000 | 4 118 | 4 241 |
| Agency services | 6 000 | 6 000 | 9 000 | 9 236 | 9 482 |
| Transfers and Grants – Operational | 515 319 | 515 319 | 571 733 | 627 800 | 683 960 |
| Other Revenue | 16 986 | 16 456 | 13 242 | 14 023 | 14 837 |
| Total Operating Revenue | 1 594 000 | 1 563 983 | 1 688 185 | 1 808 864 | 1 930 809 |

Material variances 2016/17 and 2017/18 financial years:

| | |
|-------------------------------|-------|
| Employee Related Expenses | 3% |
| Remuneration of Councillors | 2% |
| Bad Debts Provision | 26% |
| Depreciation | 86% |
| Repairs & Maintenance | 8% |
| Interest : External Borrowing | 100% |
| Bulk Purchases | 7% |
| Contracted Services | 8% |
| Indigents House Hold Subsidy | -100% |
| General Expenses | -0,2% |

The provision of debt impairment was determined based on an annual collection rate of 75 per cent and the Debt Write-off Policy of the municipality. For the 2017/2018 financial year this amount equates to R 270 million and escalates to R 300 million by 2019/20. **While this expenditure is considered to be a non-cash flow item**, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard total R604.7 million for the 2017/18 financial and equates to 26 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. **This has resulted in a significant increase in depreciation relative to previous years. While this expenditure is also considered to be a non-cash flow item.**

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 4 per cent (R100 million) of operating expenditure excluding annual redemption for 2017/18 and increase to R107, 6 million by 2018/19. As previously noted, the municipality has reached its prudential limits for borrowing.

Bulk purchases are directly informed by the purchase of water and Electricity from the City of Tshwane, Eskom and Rand Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other expenditure comprises of various line items relating to the daily operations of the municipality. Growth has been limited to 6.4 per cent for 2017/18.

During the compilation of the 2017/18 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure and historic deferred maintenance. As part of the 2017/18 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2017/18 equates to R 83.9million.

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigent Policy. The target is to register 30 000 or more indigent households during the 2017/18 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 CAPITAL EXPENDITURE

Section 18 and 19 of the MFMA were taken in to consideration regarding the funding of capital project. That spending on Capital Budget to be financed from grants and other external mechanisms would takes place after the funds have been received.

Table 9 on below detailed the funding sources for Capital Budget over the medium term period.

Table 9 Detailed Capital Budget per Funding Sources

| PROJECT DESCRIPTION | Approved Budget 2016/2017 | Adjustment Budget 2016/2017 | Budget Year 1 2017/2018 | Budget Year +1 2018/2019 | Budget Year +2 2019/2020 |
|------------------------|------------------------------|--------------------------------|----------------------------|-----------------------------|-----------------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Internal funding | – | 2 621 | – | – | – |
| MIG | 242 907 | 242 907 | 287 005 | 304 486 | 322 935 |
| INEP | 12 304 | 12 304 | 14 000 | 22 000 | 35 000 |
| Provincial Grant | – | 400 | – | – | – |
| TOTAL FINANCING | 255 211 | 258 232 | 301 005 | 326 486 | 357 935 |

The Capital Budget for the 2017/2018 financial year has been projected at R 301million. It is an increase of R 42.7 million or 14% from the Adjustment Capital Budget. The two outer financial years the Capital Budget is projected at R 326.4 million and R 357.9.

The proposed Capital Budget is entirely based on the IDP priorities of the municipality in order to achieve National targets on service provision. The IDP as the principal strategic planning instrument has guided and informed the planning during the budget process.

Table 10 below provides a detailed Capital Budget per categories in line with IDP priorities and Table 12 provides detailed Capital Budget List.

Table 10: The percentage of Capital Budget allocation per categories

| Categories | 2017/18 | 2018/19 | 2019/20 |
|--|---------|---------|---------|
| Water | 41% | 29% | 31% |
| Sanitation | 3% | 21% | 27% |
| Refuse Removal | 0% | 2% | 2% |
| Roads, Storm-water & Taxi rank | 44% | 34% | 29% |
| Electricity | 5% | 7% | 10% |
| Community hall, Library and Cemeteries | 2% | 2% | 0% |
| Sports and Recreational Facilities | 4% | 1% | 1% |

| | | | |
|----------------|----|----|----|
| LED Programmes | 0% | 4% | 0% |
| Others | 0% | 0% | 0% |

Table 11: Capital Budget by Expenditure Categories

| Capital Expenditure by Categories | Approved Budget 2016/2017 | Adjustment Budget 2016/2017 | Budget Year 1 2017/2018 | Budget Year +1 2018/2019 | Budget Year +2 2019/2020 |
|---|------------------------------|--------------------------------|----------------------------|-----------------------------|-----------------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Water | 74 388 | 68 888 | 123 000 | 95 000 | 110 000 |
| Sanitation | 38 500 | 29 500 | 10 000 | 67 000 | 98 000 |
| Roads & Taxi Ranks | 121 519 | 139 160 | 132 005 | 111 486 | 103 000 |
| Refuse Removal | – | – | – | 5 000 | 5 935 |
| Electricity | 13 304 | 13 163 | 16 000 | 23 000 | 36 000 |
| Community hall, Cemeteries & Libraries | 7 500 | 4 900 | 7 000 | 7 000 | – |
| Sports & Recreation Facilities | – | – | 13 000 | 4 000 | 5 000 |
| Local Economic Programmes | – | – | – | 12 000 | – |
| Fleet, Office Equipment/Furniture & Machinery | – | 2 621 | – | – | – |
| TOTAL | 255 211 | 258 232 | 301 005 | 324 486 | 357 935 |

Table 12: Detailed Capital Budget List

| DESCRIPTION | WARDS | PROPOSED BUDGET 1718 | BUDGET 1819 | BUDGET 2019/20 | Funding Source |
|---|--------------------|-------------------------|-------------|----------------|----------------|
| | | | | | |
| MIG | | | | | |
| KLIPGAT EXTENTION WATER SUPPLY | 24,8,36 | 13 000 000 | - | - | MIG |
| HEBRON/ KGABALATSANE/ ROCKVILLE/ITSOSENG/ WATER | 10,15,16,41 | 60 000 000 | 50 000 000 | 55 000 000 | MIG |
| HEBRON TO MADIDI BULK WATER PIPELINE | 3 | 40 000 000 | 32 000 000 | 45 000 000 | MIG |
| WATER SUPPLY AUGMENTATION: BOREHOLES (CLUSTERS) | 1,2,25,26,27,29,34 | 10 000 000 | 13 000 000 | 10 000 000 | MIG |
| KLIPGAT SANITATION PROJECT | 24,8,36 | - | 14 000 000 | 20 000 000 | MIG |
| WARD 1 VIP TOILETS | 1 | 10 000 000 | 12 000 000 | 16 000 000 | MIG |
| UPGRADING OF MOTHOTLUNG OUTFALL SEWER | 20 | - | 20 000 000 | 30 000 000 | MIG |
| UPGRADING OF OUKASIE OUTFALL SEWER | 13;21;22 | - | 21 000 000 | 32 000 000 | MIG |
| HIGH MASS LIGHT ENEGERSING | 15,16,41 | 2 000 000 | 1 000 000 | 1 000 000 | MIG |
| CLUSTER 1 INTERNAL ROADS | 7 | 16 000 000 | 19 486 000 | - | MIG |
| CLUSTER 2 INTERNAL ROADS | 21 | 15 505 000 | 18 000 000 | 26 000 000 | MIG |
| UPGRADING OF INTERNAL ROADS OF CLUSTER 3 | 15,16,41 | 16 000 000 | 12 000 000 | 18 000 000 | MIG |

| | | | | | |
|---|------------------------|--------------------|--------------------|--------------------|------|
| UPGRADING OF INTERNAL ROADS OF CLUSTER 4 | 3,24 | 17 000 000 | 15 000 000 | 14 000 000 | MIG |
| UPGRADING OF INTERNAL ROADS OF CLUSTER 5 | 9,11,12,35,38 | 19 000 000 | 10 000 000 | 9 000 000 | MIG |
| UPGRADING OF INTERNAL ROADS OF CLUSTER 6 | 2 | 15 000 000 | 17 000 000 | 20 000 000 | MIG |
| UPGRADING OF INTERNAL ROADS OF CLUSTER 7 | 4,5,6 | 14 500 000 | 12 000 000 | 11 000 000 | MIG |
| UPGRADING OF INTERNAL ROADS OF CLUSTER 8 | 17,18,19 | 13 000 000 | - | - | MIG |
| UPGRADING OF OUKASIE TAXI RANK | 13,21,22 | 6 000 000 | - | - | MIG |
| UPGRADING OF HEBRON TAXI RANK | 41 | - | 8 000 000 | 5 000 000 | MIG |
| HARTEBEES LANDFILL SITE (capping) | 33 | - | 5 000 000 | 5 935 000 | MIG |
| MMAKAU LIBRARY | 17,18,19 | 7 000 000 | - | - | MIG |
| KLIPGAT LIBRARY | 8,24,36 | - | 7 000 000 | - | MIG |
| KGABALATSANE SPORTS FACILITY | 10 | - | 2 000 000 | - | MIG |
| MABOLOKA SPORTS FACILITY | 4,5,6 | 13 000 000 | - | - | MIG |
| WARD 31 SPORTS FACILITY | 31 | - | 2 000 000 | - | MIG |
| LETLHABILE FLEA MARKET | 9,11,12,35 | - | 7 000 000 | - | MIG |
| DEVELOPMENT OF HAWKERS PAVILLION(VARIOUS TOWNSHIPS) | 9,11,12,13,20,21,22,35 | - | 5 000 000 | 5 000 000 | MIG |
| TOTAL MIG | | 287 005 000 | 302 486 000 | 322 935 000 | |
| | | | | | |
| OTHER GRANTS | | | | | |
| OUKASIE SUBSTATION | 13;21;22 | 14 000 000 | 22 000 000 | 35 000 000 | INEP |
| | | | | | |
| GRAND TOTAL CAPITAL | | 301 005 000 | 324 486 000 | 357 935 000 | |

Further detail relating to asset classes and proposed capital expenditure is contained on MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

1.7 Annual Budget Tables - Parent Municipality

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 budget and MTREF as tabled to Council.

Table 13 MBRR Table A1 - Budget Summary

| Description | 2013/14 | 2014/15 | 2015/16 | Current Year 2016/17 | | | | 2017/18 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousands | | | | | | | | | | |
| Financial Performance | | | | | | | | | | |
| Property rates | - | - | - | - | - | - | - | 303 530 | 321 438 | 340 082 |
| Service charges | - | - | - | - | - | - | - | 692 910 | 733 066 | 773 597 |
| Investment revenue | - | - | - | - | - | - | - | 5 500 | 5 825 | 6 162 |
| Transfers recognised - operational | - | - | - | - | - | - | - | 571 733 | 627 800 | 683 960 |
| Other own revenue | - | - | - | - | - | - | - | 114 512 | 120 735 | 127 008 |
| Total Revenue (excluding capital transfers and contributions) | - | - | - | - | - | - | - | 1 688 185 | 1 808 864 | 1 930 809 |
| Employee costs | - | - | - | - | - | - | - | 380 852 | 405 123 | 428 620 |
| Remuneration of councillors | - | - | - | - | - | - | - | 27 000 | 28 593 | 30 251 |
| Depreciation & asset impairment | - | - | - | - | - | - | - | 604 762 | 557 403 | 530 152 |
| Finance charges | - | - | - | - | - | - | - | 100 000 | 107 655 | 108 419 |
| Materials and bulk purchases | - | - | - | - | - | - | - | 633 740 | 671 121 | 707 496 |
| Transfers and grants | - | - | - | - | - | - | - | 10 000 | 10 590 | 11 204 |
| Other expenditure | - | - | - | - | - | - | - | 549 701 | 573 319 | 604 828 |
| Total Expenditure | - | - | - | - | - | - | - | 2 306 054 | 2 353 803 | 2 420 970 |
| Surplus/(Deficit) | - | - | - | - | - | - | - | (617 869) | (544 939) | (490 161) |
| Transfers and subsidies - capital (monetary allocation) | - | - | - | - | - | - | - | 301 005 | 324 486 | 357 935 |
| Contributions recognised - capital & contributed assets | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | - | - | - | - | - | - | - | (316 864) | (220 453) | (132 226) |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | - | - | - | - | - | - | - | (316 864) | (220 453) | (132 226) |
| Capital expenditure & funds sources | | | | | | | | | | |
| Capital expenditure | - | - | - | - | - | - | - | 301 005 | 324 486 | 357 935 |
| Transfers recognised - capital | - | - | - | - | - | - | - | 301 005 | 324 486 | 357 935 |
| Public contributions & donations | - | - | - | - | - | - | - | - | - | - |
| Borrowing | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | - | - | - | - | - | - | - | - | - | - |
| Total sources of capital funds | - | - | - | - | - | - | - | 301 005 | 324 486 | 357 935 |
| Financial position | | | | | | | | | | |
| Total current assets | - | - | - | - | - | - | - | 487 500 | 503 500 | 504 000 |
| Total non current assets | - | - | - | - | - | - | - | 5 773 010 | 5 773 510 | 5 774 010 |
| Total current liabilities | - | - | - | - | - | - | - | 256 000 | 271 100 | 256 200 |
| Total non current liabilities | - | - | - | - | - | - | - | 1 017 000 | 1 118 000 | 1 219 000 |
| Community wealth/Equity | - | - | - | - | - | - | - | 4 987 510 | 4 887 910 | 4 802 810 |
| Cash flows | | | | | | | | | | |
| Net cash from (used) operating | - | - | - | - | - | - | - | 358 458 | 399 100 | 455 666 |
| Net cash from (used) investing | - | - | - | - | - | - | - | (301 005) | (324 486) | (357 935) |
| Net cash from (used) financing | - | - | - | - | - | - | - | - | - | - |
| Cash/cash equivalents at the year end | - | - | - | - | - | - | - | 28 218 | 102 832 | 200 563 |
| Cash backing/surplus reconciliation | | | | | | | | | | |
| Cash and investments available | - | - | - | - | - | - | - | 41 500 | 52 500 | 48 000 |
| Application of cash and investments | - | - | - | - | - | - | - | 31 347 | 49 576 | 34 822 |
| Balance - surplus (shortfall) | - | - | - | - | - | - | - | 10 153 | 2 924 | 13 178 |
| Asset management | | | | | | | | | | |
| Asset register summary (WDV) | - | - | - | - | - | - | 5 760 000 | 5 760 000 | 5 760 000 | 5 760 000 |
| Depreciation | - | - | - | - | - | - | 604 762 | 604 762 | 557 403 | 530 152 |
| Renewal of Existing Assets | - | - | - | - | - | - | 6 000 | 49 000 | 67 000 | 67 000 |
| Repairs and Maintenance | - | - | - | - | - | - | 83 940 | 83 940 | 89 221 | 94 396 |
| Free services | | | | | | | | | | |
| Cost of Free Basic Services provided | - | - | - | - | - | - | 4 271 | 4 271 | 4 775 | 5 346 |
| Revenue cost of free services provided | - | - | - | - | - | - | 26 470 | 26 470 | 28 032 | 29 658 |
| Households below minimum service level | | | | | | | | | | |
| Water: | - | - | - | - | - | - | - | - | - | - |
| Sanitation/sewage: | - | - | - | - | - | - | - | - | - | - |
| Energy: | - | - | - | - | - | - | - | - | - | - |
| Refuse: | - | - | - | - | - | - | - | - | - | - |

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed

Table 14 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

| Functional Classification Description | Ref | 2013/14 | 2014/15 | 2015/16 | Current Year 2016/17 | | | 2017/18 Medium Term Revenue & Expenditure Framework | | |
|--|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand | 1 | | | | | | | | | |
| Revenue - Functional | | | | | | | | | | |
| <i>Governance and administration</i> | | - | - | - | - | - | - | 955 720 | 1 036 354 | 1 096 210 |
| Executive and council | | - | - | - | - | - | - | - | - | - |
| Finance and administration | | - | - | - | - | - | - | 955 720 | 1 036 354 | 1 096 210 |
| Internal audit | | - | - | - | - | - | - | - | - | - |
| <i>Community and public safety</i> | | - | - | - | - | - | - | 24 253 | 15 504 | 4 765 |
| Community and social services | | - | - | - | - | - | - | 8 093 | 8 157 | 1 225 |
| Sport and recreation | | - | - | - | - | - | - | 13 160 | 4 169 | 179 |
| Public safety | | - | - | - | - | - | - | 2 000 | 2 118 | 2 241 |
| Housing | | - | - | - | - | - | - | 1 000 | 1 059 | 1 120 |
| Health | | - | - | - | - | - | - | - | - | - |
| <i>Economic and environmental services</i> | | - | - | - | - | - | - | 142 476 | 119 831 | 111 829 |
| Planning and development | | - | - | - | - | - | - | 4 266 | 1 774 | 1 877 |
| Road transport | | - | - | - | - | - | - | 138 210 | 118 057 | 109 952 |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| <i>Trading services</i> | | - | - | - | - | - | - | 866 741 | 949 662 | 1 070 940 |
| Energy sources | | - | - | - | - | - | - | 506 586 | 542 572 | 603 800 |
| Water management | | - | - | - | - | - | - | 273 850 | 255 471 | 279 261 |
| Waste water management | | - | - | - | - | - | - | 48 005 | 107 005 | 140 006 |
| Waste management | | - | - | - | - | - | - | 38 300 | 44 613 | 47 873 |
| <i>Other</i> | 4 | - | - | - | - | - | - | - | 12 000 | 5 000 |
| Total Revenue - Functional | 2 | - | - | - | - | - | - | 1 989 190 | 2 133 350 | 2 288 744 |
| Expenditure - Functional | | | | | | | | | | |
| <i>Governance and administration</i> | | - | - | - | - | - | - | 1 226 846 | 1 213 592 | 1 217 537 |
| Executive and council | | - | - | - | - | - | - | 81 025 | 84 061 | 88 936 |
| Finance and administration | | - | - | - | - | - | - | 1 137 580 | 1 122 297 | 1 120 947 |
| Internal audit | | - | - | - | - | - | - | 8 241 | 7 234 | 7 654 |
| <i>Community and public safety</i> | | - | - | - | - | - | - | 201 608 | 214 359 | 226 780 |
| Community and social services | | - | - | - | - | - | - | 47 004 | 49 576 | 52 440 |
| Sport and recreation | | - | - | - | - | - | - | 29 314 | 32 117 | 33 980 |
| Public safety | | - | - | - | - | - | - | 98 624 | 104 442 | 110 500 |
| Housing | | - | - | - | - | - | - | 21 606 | 22 864 | 24 191 |
| Health | | - | - | - | - | - | - | 5 060 | 5 359 | 5 670 |
| <i>Economic and environmental services</i> | | - | - | - | - | - | - | 44 677 | 47 313 | 50 057 |
| Planning and development | | - | - | - | - | - | - | 6 166 | 6 530 | 6 909 |
| Road transport | | - | - | - | - | - | - | 37 777 | 40 006 | 42 326 |
| Environmental protection | | - | - | - | - | - | - | 734 | 777 | 822 |
| <i>Trading services</i> | | - | - | - | - | - | - | 818 676 | 866 196 | 913 537 |
| Energy sources | | - | - | - | - | - | - | 496 539 | 525 223 | 553 975 |
| Water management | | - | - | - | - | - | - | 221 020 | 235 922 | 248 766 |
| Waste water management | | - | - | - | - | - | - | 31 282 | 31 497 | 33 324 |
| Waste management | | - | - | - | - | - | - | 69 835 | 73 554 | 77 472 |
| <i>Other</i> | 4 | - | - | - | - | - | - | 14 246 | 12 343 | 13 059 |
| Total Expenditure - Functional | 3 | - | - | - | - | - | - | 2 306 054 | 2 353 803 | 2 420 970 |
| Surplus/(Deficit) for the year | | - | - | - | - | - | - | (316 864) | (220 453) | (132 226) |

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 7 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Table 15 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vot

| Vote Description | Ref | 2013/14 | 2014/15 | 2015/16 | Current Year 2016/17 | | | 2017/18 Medium Term Revenue & Expenditure Framework | | |
|---|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand | | | | | | | | | | |
| Revenue by Vote | 1 | | | | | | | | | |
| Vote 1 - Executive Council | | - | - | - | - | - | - | - | - | - |
| Vote 2 - Municipal Manager | | - | - | - | - | - | - | - | - | - |
| Vote 3 - Chief Operating Officer | | - | - | - | - | - | - | - | - | - |
| Vote 4 - Corporate And Support Services | | - | - | - | - | - | - | - | - | - |
| Vote 5 - Budget And Treasury Office | | - | - | - | - | - | - | 966 893 | 1 048 799 | 1 110 950 |
| Vote 6 - Infrastructure And Technical Services | | - | - | - | - | - | - | 950 444 | 1 005 331 | 1 113 567 |
| Vote 7 - Community Services | | - | - | - | - | - | - | 60 271 | 57 700 | 54 154 |
| Vote 8 - Human Settlement | | - | - | - | - | - | - | 2 514 | 2 662 | 2 817 |
| Vote 9 - Economic Dev, tourism & Agriculture | | - | - | - | - | - | - | 2 692 | 12 107 | 113 |
| Vote 10 - Public Safety, Fleet and Facilities Managem | | - | - | - | - | - | - | 6 375 | 6 751 | 7 143 |
| Vote 11 - Internal Audit | | - | - | - | - | - | - | - | - | - |
| Vote 12 - Risk Management | | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - |
| Total Revenue by Vote | 2 | - | - | - | - | - | - | 1 989 190 | 2 133 350 | 2 288 744 |
| Expenditure by Vote to be appropriated | 1 | | | | | | | | | |
| Vote 1 - Executive Council | | - | - | - | - | - | - | 35 511 | 39 725 | 42 029 |
| Vote 2 - Municipal Manager | | - | - | - | - | - | - | 7 155 | 5 428 | 5 743 |
| Vote 3 - Chief Operating Officer | | - | - | - | - | - | - | 38 359 | 38 908 | 41 164 |
| Vote 4 - Corporate And Support Services | | - | - | - | - | - | - | 85 909 | 91 077 | 96 359 |
| Vote 5 - Budget And Treasury Office | | - | - | - | - | - | - | 1 051 671 | 1 031 220 | 1 024 587 |
| Vote 6 - Infrastructure And Technical Services | | - | - | - | - | - | - | 786 618 | 832 648 | 878 392 |
| Vote 7 - Community Services | | - | - | - | - | - | - | 121 757 | 129 411 | 136 557 |
| Vote 8 - Human Settlement | | - | - | - | - | - | - | 27 772 | 29 394 | 31 099 |
| Vote 9 - Economic Dev, tourism & Agriculture | | - | - | - | - | - | - | 14 246 | 12 343 | 13 059 |
| Vote 10 - Public Safety, Fleet and Facilities Managem | | - | - | - | - | - | - | 128 815 | 136 415 | 144 327 |
| Vote 11 - Internal Audit | | - | - | - | - | - | - | 8 241 | 7 234 | 7 654 |
| Vote 12 - Risk Management | | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - |
| Total Expenditure by Vote | 2 | - | - | - | - | - | - | 2 306 054 | 2 353 803 | 2 420 970 |
| Surplus/(Deficit) for the year | 2 | - | - | - | - | - | - | (316 864) | (220 453) | (132 226) |

e)

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the water trading services.
- The water account is subsidised with a portion of the equitable share as the majority of household receive water at RDP level or lower.

Table 16 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

| Description | Ref | 2013/14 | 2014/15 | 2015/16 | Current Year 2016/17 | | | | 2017/18 Medium Term Revenue & Expenditure Framework | | |
|--|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand | 1 | | | | | | | | | | |
| Revenue By Source | | | | | | | | | | | |
| Property rates | 2 | - | - | - | - | - | - | - | 303 530 | 321 438 | 340 082 |
| Service charges - electricity revenue | 2 | - | - | - | - | - | - | - | 472 396 | 500 108 | 528 047 |
| Service charges - water revenue | 2 | - | - | - | - | - | - | - | 150 378 | 159 945 | 168 676 |
| Service charges - sanitation revenue | 2 | - | - | - | - | - | - | - | 37 583 | 39 532 | 41 476 |
| Service charges - refuse revenue | 2 | - | - | - | - | - | - | - | 32 553 | 33 481 | 35 399 |
| Service charges - other | | - | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | | - | - | - | - | - | - | - | 1 270 | 1 345 | 1 423 |
| Interest earned - external investments | | - | - | - | - | - | - | - | 5 500 | 5 825 | 6 162 |
| Interest earned - outstanding debtors | | - | - | - | - | - | - | - | 85 000 | 90 000 | 95 000 |
| Dividends received | | - | - | - | - | - | - | - | - | - | - |
| Fines, penalties and forfeits | | - | - | - | - | - | - | - | 2 000 | 2 013 | 2 025 |
| Licences and permits | | - | - | - | - | - | - | - | 4 000 | 4 118 | 4 241 |
| Agency services | | - | - | - | - | - | - | - | 9 000 | 9 236 | 9 482 |
| Transfers and subsidies | | - | - | - | - | - | - | - | 571 733 | 627 800 | 683 960 |
| Other revenue | 2 | - | - | - | - | - | - | - | 13 242 | 14 023 | 14 837 |
| Gains on disposal of PPE | | - | - | - | - | - | - | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | | - | - | - | - | - | - | - | 1 688 185 | 1 808 864 | 1 930 809 |
| Expenditure By Type | | | | | | | | | | | |
| Employee related costs | 2 | - | - | - | - | - | - | - | 380 852 | 405 123 | 428 620 |
| Remuneration of councillors | | - | - | - | - | - | - | - | 27 000 | 28 593 | 30 251 |
| Debt impairment | 3 | - | - | - | - | - | - | - | 270 000 | 285 000 | 300 000 |
| Depreciation & asset impairment | 2 | - | - | - | - | - | - | - | 604 762 | 557 403 | 530 152 |
| Finance charges | | - | - | - | - | - | - | - | 100 000 | 107 655 | 108 419 |
| Bulk purchases | 2 | - | - | - | - | - | - | - | 549 800 | 581 900 | 613 100 |
| Other materials | 8 | - | - | - | - | - | - | - | 83 940 | 89 221 | 94 396 |
| Contracted services | | - | - | - | - | - | - | - | 158 300 | 165 522 | 175 122 |
| Transfers and subsidies | | - | - | - | - | - | - | - | 10 000 | 10 590 | 11 204 |
| Other expenditure | 4, 5 | - | - | - | - | - | - | - | 121 401 | 122 797 | 129 706 |
| Loss on disposal of PPE | | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure | | - | - | - | - | - | - | - | 2 306 054 | 2 353 803 | 2 420 970 |
| Surplus/(Deficit) | | - | - | - | - | - | - | - | (617 869) | (544 939) | (490 161) |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | - | - | - | - | - | - | - | 301 005 | 324 486 | 357 935 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher | 6 | - | - | - | - | - | - | - | - | - | - |
| Transfers and subsidies - capital (in-kind - all) | | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | | - | - | - | - | - | - | - | (316 864) | (220 453) | (132 226) |
| Taxation | | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after taxation | | - | - | - | - | - | - | - | (316 864) | (220 453) | (132 226) |
| Attributable to minorities | | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) attributable to municipality | | - | - | - | - | - | - | - | (316 864) | (220 453) | (132 226) |
| Share of surplus/ (deficit) of associate | 7 | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) for the year | | - | - | - | - | - | - | - | (316 864) | (220 453) | (132 226) |

Table 17 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

| Vote Description | Ref | 2013/14 | 2014/15 | 2015/16 | Current Year 2016/17 | | | | 2017/18 Medium Term Revenue & Expenditure Framework | | |
|---|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand | 1 | | | | | | | | | | |
| Capital expenditure - Vote | | | | | | | | | | | |
| Multi-year expenditure to be appropriated | 2 | | | | | | | | | | |
| Vote 1 - Executive Council | | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - Municipal Manager | | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - Chief Operating Officer | | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - Corporate And Support Services | | - | - | - | - | - | - | - | - | - | - |
| Vote 5 - Budget And Treasury Office | | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - Infrastructure And Technical Services | | - | - | - | - | - | - | - | - | - | - |
| Vote 7 - Community Services | | - | - | - | - | - | - | - | - | - | - |
| Vote 8 - Human Settlement | | - | - | - | - | - | - | - | - | - | - |
| Vote 9 - Economic Dev, tourism & Agriculture | | - | - | - | - | - | - | - | - | - | - |
| Vote 10 - Public Safety, Fleet and Facilities Managem | | - | - | - | - | - | - | - | - | - | - |
| Vote 11 - Internal Audit | | - | - | - | - | - | - | - | - | - | - |
| Vote 12 - Risk Management | | - | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | - |
| Capital multi-year expenditure sub-total | 7 | - | - | - | - | - | - | - | - | - | - |
| Single-year expenditure to be appropriated | 2 | | | | | | | | | | |
| Vote 1 - Executive Council | | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - Municipal Manager | | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - Chief Operating Officer | | - | - | - | - | - | - | - | - | - | - |
| Vote 4 - Corporate And Support Services | | - | - | - | - | - | - | - | - | - | - |
| Vote 5 - Budget And Treasury Office | | - | - | - | - | - | - | - | - | - | - |
| Vote 6 - Infrastructure And Technical Services | | - | - | - | - | - | - | - | 275 005 | 288 486 | 342 000 |
| Vote 7 - Community Services | | - | - | - | - | - | - | - | 20 000 | 16 000 | 5 935 |
| Vote 8 - Human Settlement | | - | - | - | - | - | - | - | - | - | - |
| Vote 9 - Economic Dev, tourism & Agriculture | | - | - | - | - | - | - | - | 6 000 | 20 000 | 10 000 |
| Vote 10 - Public Safety, Fleet and Facilities Managem | | - | - | - | - | - | - | - | - | - | - |
| Vote 11 - Internal Audit | | - | - | - | - | - | - | - | - | - | - |
| Vote 12 - Risk Management | | - | - | - | - | - | - | - | - | - | - |
| Vote 13 - [NAME OF VOTE 13] | | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - [NAME OF VOTE 14] | | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - [NAME OF VOTE 15] | | - | - | - | - | - | - | - | - | - | - |
| Capital single-year expenditure sub-total | | - | - | - | - | - | - | - | 301 005 | 324 486 | 357 935 |
| Total Capital Expenditure - Vote | | - | - | - | - | - | - | - | 301 005 | 324 486 | 357 935 |
| Capital Expenditure - Functional | | | | | | | | | | | |
| Governance and administration | | - | - | - | - | - | - | - | - | - | - |
| Executive and council | | - | - | - | - | - | - | - | - | - | - |
| Finance and administration | | - | - | - | - | - | - | - | - | - | - |
| Internal audit | | - | - | - | - | - | - | - | - | - | - |
| Community and public safety | | - | - | - | - | - | - | - | 20 000 | 11 000 | - |
| Community and social services | | - | - | - | - | - | - | - | - | - | - |
| Sport and recreation | | - | - | - | - | - | - | - | 13 000 | 4 000 | - |
| Public safety | | - | - | - | - | - | - | - | 7 000 | 7 000 | - |
| Housing | | - | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - | - |
| Economic and environmental services | | - | - | - | - | - | - | - | 126 005 | 103 486 | 98 000 |
| Planning and development | | - | - | - | - | - | - | - | - | - | - |
| Road transport | | - | - | - | - | - | - | - | 126 005 | 103 486 | 98 000 |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - |
| Trading services | | - | - | - | - | - | - | - | 149 000 | 190 000 | 249 935 |
| Energy sources | | - | - | - | - | - | - | - | 16 000 | 23 000 | 36 000 |
| Water management | | - | - | - | - | - | - | - | 123 000 | 95 000 | 110 000 |
| Waste water management | | - | - | - | - | - | - | - | 10 000 | 67 000 | 98 000 |
| Waste management | | - | - | - | - | - | - | - | - | 5 000 | 5 935 |
| Other | | - | - | - | - | - | - | - | 6 000 | 20 000 | 10 000 |
| Total Capital Expenditure - Functional | 3 | - | - | - | - | - | - | - | 301 005 | 324 486 | 357 935 |
| Funded by: | | | | | | | | | | | |
| National Government | | - | - | - | - | - | - | - | 301 005 | 324 486 | 357 935 |
| Provincial Government | | - | - | - | - | - | - | - | - | - | - |
| District Municipality | | - | - | - | - | - | - | - | - | - | - |
| Other transfers and grants | | - | - | - | - | - | - | - | - | - | - |
| Transfers recognised - capital | 4 | - | - | - | - | - | - | - | 301 005 | 324 486 | 357 935 |
| Public contributions & donations | 5 | - | - | - | - | - | - | - | - | - | - |
| Borrowing | 6 | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | | - | - | - | - | - | - | - | - | - | - |
| Total Capital Funding | 7 | - | - | - | - | - | - | - | 301 005 | 324 486 | 357 935 |

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. No multi-year appropriations have been done.

Table 18 MBRR Table A6 - Budgeted Financial Position

| Description | Ref | 2013/14 | 2014/15 | 2015/16 | Current Year 2016/17 | | | | 2017/18 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand | | | | | | | | | | | |
| ASSETS | | | | | | | | | | | |
| Current assets | | | | | | | | | | | |
| Cash | | - | - | - | - | - | - | - | 65 000 | 70 000 | 60 000 |
| Call investment deposits | 1 | - | - | - | - | - | - | - | 3 500 | 4 000 | 4 000 |
| Consumer debtors | 1 | - | - | - | - | - | - | - | 400 000 | 410 000 | 420 000 |
| Other debtors | | - | - | - | - | - | - | - | 4 000 | 2 000 | - |
| Current portion of long-term receivables | | - | - | - | - | - | - | - | 5 000 | 5 500 | 6 000 |
| Inventory | 2 | - | - | - | - | - | - | - | 10 000 | 12 000 | 14 000 |
| Total current assets | | - | - | - | - | - | - | - | 487 500 | 503 500 | 504 000 |
| Non current assets | | | | | | | | | | | |
| Long-term receivables | | - | - | - | - | - | - | - | - | - | - |
| Investments | | - | - | - | - | - | - | - | 13 000 | 13 500 | 14 000 |
| Investment property | | - | - | - | - | - | - | - | 260 000 | 260 000 | 260 000 |
| Investment in Associate | | - | - | - | - | - | - | - | - | - | - |
| Property, plant and equipment | 3 | - | - | - | - | - | - | - | 5 500 000 | 5 500 000 | 5 500 000 |
| Agricultural | | - | - | - | - | - | - | - | - | - | - |
| Biological | | - | - | - | - | - | - | - | - | - | - |
| Intangible | | - | - | - | - | - | - | - | - | - | - |
| Other non-current assets | | - | - | - | - | - | - | - | 10 | 10 | 10 |
| Total non current assets | | - | - | - | - | - | - | - | 5 773 010 | 5 773 510 | 5 774 010 |
| TOTAL ASSETS | | - | - | - | - | - | - | - | 6 260 510 | 6 277 010 | 6 278 010 |
| LIABILITIES | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | |
| Bank overdraft | 1 | - | - | - | - | - | - | - | 40 000 | 35 000 | 30 000 |
| Borrowing | 4 | - | - | - | - | - | - | - | 3 000 | 3 100 | 3 200 |
| Consumer deposits | | - | - | - | - | - | - | - | 13 000 | 13 000 | 13 000 |
| Trade and other payables | 4 | - | - | - | - | - | - | - | 200 000 | 220 000 | 210 000 |
| Provisions | | - | - | - | - | - | - | - | - | - | - |
| Total current liabilities | | - | - | - | - | - | - | - | 256 000 | 271 100 | 256 200 |
| Non current liabilities | | | | | | | | | | | |
| Borrowing | | - | - | - | - | - | - | - | 900 000 | 1 000 000 | 1 100 000 |
| Provisions | | - | - | - | - | - | - | - | 117 000 | 118 000 | 119 000 |
| Total non current liabilities | | - | - | - | - | - | - | - | 1 017 000 | 1 118 000 | 1 219 000 |
| TOTAL LIABILITIES | | - | - | - | - | - | - | - | 1 273 000 | 1 389 100 | 1 475 200 |
| NET ASSETS | 5 | - | - | - | - | - | - | - | 4 987 510 | 4 887 910 | 4 802 810 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | - | - | - | - | - | - | - | 4 987 510 | 4 887 910 | 4 802 810 |
| Reserves | 4 | - | - | - | - | - | - | - | - | - | - |
| TOTAL COMMUNITY WEALTH/EQUITY | 5 | - | - | - | - | - | - | - | 4 987 510 | 4 887 910 | 4 802 810 |

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions noncurrent;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 19 MBRR Table A7 - Budgeted Cash Flow Statement

| Description | Ref | 2013/14 | 2014/15 | 2015/16 | Current Year 2016/17 | | | | 2017/18 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Property rates | | - | - | - | - | - | - | - | 230 000 | 240 000 | 255 000 |
| Service charges | | - | - | - | - | - | - | - | 526 000 | 552 000 | 582 000 |
| Other revenue | | - | - | - | - | - | - | - | 29 512 | 30 735 | 32 008 |
| Government - operating | 1 | - | - | - | - | - | - | - | 571 733 | 627 800 | 683 960 |
| Government - capital | 1 | - | - | - | - | - | - | - | 301 005 | 324 486 | 357 935 |
| Interest | | - | - | - | - | - | - | - | 69 500 | 72 825 | 77 162 |
| Dividends | | - | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | | |
| Suppliers and employees | | - | - | - | - | - | - | - | (1 359 292) | (1 438 155) | (1 521 195) |
| Finance charges | | - | - | - | - | - | - | - | - | - | - |
| Transfers and Grants | 1 | - | - | - | - | - | - | - | (10 000) | (10 590) | (11 204) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | - | - | - | - | - | - | - | 358 458 | 399 100 | 455 666 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Proceeds on disposal of PPE | | - | - | - | - | - | - | - | - | - | - |
| Decrease (Increase) in non-current debtors | | - | - | - | - | - | - | - | - | - | - |
| Decrease (increase) other non-current receivables | | - | - | - | - | - | - | - | - | - | - |
| Decrease (increase) in non-current investments | | - | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | | |
| Capital assets | | - | - | - | - | - | - | - | (301 005) | (324 486) | (357 935) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | - | - | - | - | - | - | - | (301 005) | (324 486) | (357 935) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Short term loans | | - | - | - | - | - | - | - | - | - | - |
| Borrowing long term/refinancing | | - | - | - | - | - | - | - | - | - | - |
| Increase (decrease) in consumer deposits | | - | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | | |
| Repayment of borrowing | | - | - | - | - | - | - | - | - | - | - |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | - | - | - | - | - | - | - | - | - | - |
| NET INCREASE/ (DECREASE) IN CASH HELD | | - | - | - | - | - | - | - | 57 453 | 74 614 | 97 731 |
| Cash/cash equivalents at the year begin: | 2 | - | - | - | - | - | - | - | (29 235) | 28 218 | 102 832 |
| Cash/cash equivalents at the year end: | 2 | - | - | - | - | - | - | - | 28 218 | 102 832 | 200 563 |

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Table 20 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

| Description R thousand | Ref | 2013/14 | 2014/15 | 2015/16 | Current Year 2016/17 | | | | 2017/18 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| Cash and investments available | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 1 | - | - | - | - | - | - | - | 28 218 | 102 832 | 200 563 |
| Other current investments > 90 days | | - | - | - | - | - | - | - | 282 | (63 832) | (166 563) |
| Non current assets - Investments | 1 | - | - | - | - | - | - | - | 13 000 | 13 500 | 14 000 |
| Cash and investments available: | | - | - | - | - | - | - | - | 41 500 | 52 500 | 48 000 |
| Application of cash and investments | | | | | | | | | | | |
| Unspent conditional transfers | | - | - | - | - | - | - | - | - | - | - |
| Unspent borrowing | | - | - | - | - | - | - | - | - | - | - |
| Statutory requirements | 2 | - | - | - | - | - | - | - | - | - | - |
| Other working capital requirements | 3 | - | - | - | - | - | - | - | (85 653) | (68 424) | (84 178) |
| Other provisions | | - | - | - | - | - | - | - | 117 000 | 118 000 | 119 000 |
| Long term investments committed | 4 | - | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | 5 | - | - | - | - | - | - | - | - | - | - |
| Total Application of cash and investments: | | - | - | - | - | - | - | - | 31 347 | 49 576 | 34 822 |
| Surplus(shortfall) | | - | - | - | - | - | - | - | 10 153 | 2 924 | 13 178 |

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

Table 21 MBRR Table A9 - Asset Management

| Description R thousand | Ref | 2013/14 | 2014/15 | 2015/16 | Current Year 2016/17 | | | 2017/18 Medium Term Revenue & Expenditure Framework | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| CAPITAL EXPENDITURE | | | | | | | | | | |
| <u>Total New Assets</u> | 1 | - | - | - | - | - | - | 295 005 | 275 486 | 290 935 |
| <i>Roads Infrastructure</i> | | - | - | - | - | - | - | 275 005 | 252 486 | 285 935 |
| Infrastructure | | - | - | - | - | - | - | 275 005 | 252 486 | 285 935 |
| Community Facilities | | - | - | - | - | - | - | 20 000 | 23 000 | 5 000 |
| Sport and Recreation Facilities | | - | - | - | - | - | - | - | - | - |
| Community Assets | | - | - | - | - | - | - | 20 000 | 23 000 | 5 000 |
| <u>Total Renewal of Existing Assets</u> | 2 | - | - | - | - | - | - | 6 000 | 49 000 | 67 000 |
| <i>Roads Infrastructure</i> | | - | - | - | - | - | - | - | 41 000 | 62 000 |
| Infrastructure | | - | - | - | - | - | - | - | 41 000 | 62 000 |
| Community Facilities | | - | - | - | - | - | - | 6 000 | 8 000 | 5 000 |
| Sport and Recreation Facilities | | - | - | - | - | - | - | - | - | - |
| Community Assets | | - | - | - | - | - | - | 6 000 | 8 000 | 5 000 |
| <u>Total Capital Expenditure</u> | 4 | - | - | - | - | - | - | 275 005 | 293 486 | 347 935 |
| <i>Roads Infrastructure</i> | | - | - | - | - | - | - | 275 005 | 293 486 | 347 935 |
| Infrastructure | | - | - | - | - | - | - | 275 005 | 293 486 | 347 935 |
| Community Facilities | | - | - | - | - | - | - | 26 000 | 31 000 | 10 000 |
| Sport and Recreation Facilities | | - | - | - | - | - | - | - | - | - |
| Community Assets | | - | - | - | - | - | - | 26 000 | 31 000 | 10 000 |
| TOTAL CAPITAL EXPENDITURE - Asset class | | - | - | - | - | - | - | 301 005 | 324 486 | 357 935 |
| ASSET REGISTER SUMMARY - PPE (WDV) | 5 | | | | | | | | | |
| <i>Roads Infrastructure</i> | | - | - | - | - | - | - | 1 232 678 | 961 733 | 917 710 |
| <i>Storm water Infrastructure</i> | | - | - | - | - | - | - | 909 748 | 992 806 | 1 075 864 |
| <i>Electrical Infrastructure</i> | | - | - | - | - | - | - | 1 321 388 | 1 344 388 | 1 156 404 |
| <i>Water Supply Infrastructure</i> | | - | - | - | - | - | - | 1 672 401 | 1 725 508 | 1 778 615 |
| <i>Sanitation Infrastructure</i> | | - | - | - | - | - | - | 236 287 | 286 287 | 336 287 |
| <i>Solid Waste Infrastructure</i> | | - | - | - | - | - | - | 103 498 | 165 210 | 210 984 |
| Infrastructure | | - | - | - | - | - | - | 5 476 000 | 5 475 932 | 5 475 865 |
| Community Facilities | | - | - | - | - | - | - | 24 000 | 24 068 | 24 135 |
| Community Assets | | - | - | - | - | - | - | 24 000 | 24 068 | 24 135 |
| Heritage Assets | | - | - | - | - | - | - | 10 | 10 | 10 |
| Revenue Generating | | - | - | - | - | - | - | 260 000 | 260 000 | 260 000 |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - |

| | | | | | | | | | | |
|--|---|---|---|---|---|---|---|-----------|-----------|-----------|
| Investment properties | | - | - | - | - | - | - | 260 000 | 260 000 | 260 000 |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | 5 | - | - | - | - | - | - | 5 760 000 | 5 760 000 | 5 760 000 |
| EXPENDITURE OTHER ITEMS | | | | | | | | | | |
| Depreciation | 7 | - | - | - | - | - | - | - | - | - |
| Repairs and Maintenance by Asset Class | 3 | 1 | 1 | 1 | 1 | 1 | 1 | 81 361 | 86 394 | 91 405 |
| Roads Infrastructure | | - | - | - | - | - | - | 74 970 | 79 817 | 84 446 |
| Storm water Infrastructure | | - | - | - | - | - | - | - | - | - |
| Electrical Infrastructure | | - | - | - | - | - | - | - | - | - |
| Water Supply Infrastructure | | - | - | - | - | - | - | 500 | 530 | 560 |
| Infrastructure | | - | - | - | - | - | - | 75 470 | 80 346 | 85 006 |
| Community Facilities | | - | - | - | - | - | - | 5 250 | 5 560 | 5 882 |
| Sport and Recreation Facilities | | - | - | - | - | - | - | - | - | - |
| Community Assets | | - | - | - | - | - | - | 5 250 | 5 560 | 5 882 |
| Heritage Assets | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Revenue Generating | | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - |
| Operational Buildings | | - | - | - | - | - | - | 320 | 244 | 258 |
| Housing | | - | - | - | - | - | - | 320 | 244 | 258 |
| Other Assets | | - | - | - | - | - | - | 640 | 487 | 515 |
| TOTAL EXPENDITURE OTHER ITEMS | | 1 | 1 | 1 | 1 | 1 | 1 | 81 361 | 86 394 | 91 405 |

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality is not in a position to meet the requirements due to its limited revenue base.

Table 22 MBRR Table A10 - Basic Service Delivery Measurement

| Description | Ref | 2013/14 | 2014/15 | 2015/16 | Current Year 2016/17 | | | 2017/18 Medium Term Revenue & Expenditure Framework | | |
|--|-----|---------|---------|---------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| Household service targets | 1 | | | | | | | | | |
| Water: | | | | | | | | | | |
| Piped water inside dwelling | | - | - | - | - | - | - | 35 662 | 39 228 | 42 794 |
| Piped water inside yard (but not in dwelling) | | - | - | - | - | - | - | 73 520 | 80 872 | 88 224 |
| Using public tap (at least min.service level) | 2 | - | - | - | - | - | - | 4 880 | 5 368 | 5 856 |
| Other water supply (at least min.service level) | 4 | - | - | - | - | - | - | - | - | - |
| <i>Minimum Service Level and Above sub-total</i> | | - | - | - | - | - | - | 114 062 | 125 468 | 136 874 |
| Using public tap (< min.service level) | 3 | - | - | - | - | - | - | 27 600 | 30 360 | 33 120 |
| Other water supply (< min.service level) | 4 | - | - | - | - | - | - | - | - | - |
| No water supply | | - | - | - | - | - | - | - | - | - |
| <i>Below Minimum Service Level sub-total</i> | | - | - | - | - | - | - | 27 600 | 30 360 | 33 120 |
| Total number of households | 5 | - | - | - | - | - | - | 141 662 | 155 828 | 169 994 |
| Sanitation/sewerage: | | | | | | | | | | |
| Flush toilet (connected to sewerage) | | - | - | - | - | - | - | 44 405 | 48 846 | 53 286 |
| Flush toilet (with septic tank) | | - | - | - | - | - | - | 2 444 | 2 688 | 2 933 |
| Chemical toilet | | - | - | - | - | - | - | - | - | - |
| Pit toilet (ventilated) | | - | - | - | - | - | - | 11 735 | 12 909 | 14 082 |
| Other toilet provisions (> min.service level) | | - | - | - | - | - | - | 37 123 | 35 643 | 34 163 |
| <i>Minimum Service Level and Above sub-total</i> | | - | - | - | - | - | - | 95 707 | 100 085 | 104 464 |
| Bucket toilet | | - | - | - | - | - | - | 3 049 | 2 000 | 951 |
| Other toilet provisions (< min.service level) | | - | - | - | - | - | - | - | - | - |
| No toilet provisions | | - | - | - | - | - | - | 9 321 | 9 321 | 9 321 |
| <i>Below Minimum Service Level sub-total</i> | | - | - | - | - | - | - | 12 370 | 11 321 | 10 272 |
| Total number of households | 5 | - | - | - | - | - | - | 108 077 | 111 406 | 114 736 |
| Energy: | | | | | | | | | | |
| Electricity (at least min.service level) | | - | - | - | - | - | - | 65 000 | 71 500 | 78 000 |
| Electricity - prepaid (min.service level) | | - | - | - | - | - | - | - | - | - |
| <i>Minimum Service Level and Above sub-total</i> | | - | - | - | - | - | - | 65 000 | 71 500 | 78 000 |
| Electricity (< min.service level) | | - | - | - | - | - | - | - | - | - |
| Electricity - prepaid (< min. service level) | | - | - | - | - | - | - | - | - | - |
| Other energy sources | | - | - | - | - | - | - | 29 983 | 32 981 | 35 980 |
| <i>Below Minimum Service Level sub-total</i> | | - | - | - | - | - | - | 29 983 | 32 981 | 35 980 |
| Total number of households | 5 | - | - | - | - | - | - | 94 983 | 104 481 | 113 980 |
| Refuse: | | | | | | | | | | |
| Removed at least once a week | | - | - | - | - | - | - | 41 364 | 45 500 | 49 637 |
| <i>Minimum Service Level and Above sub-total</i> | | - | - | - | - | - | - | 41 364 | 45 500 | 49 637 |
| Removed less frequently than once a week | | - | - | - | - | - | - | 2 100 | 2 310 | 2 520 |
| Using communal refuse dump | | - | - | - | - | - | - | 4 553 | 5 008 | 5 464 |
| Using own refuse dump | | - | - | - | - | - | - | 96 144 | 90 000 | 83 856 |
| Other rubbish disposal | | - | - | - | - | - | - | 1 736 | 1 200 | 664 |
| No rubbish disposal | | - | - | - | - | - | - | 14 800 | 9 840 | 4 880 |
| <i>Below Minimum Service Level sub-total</i> | | - | - | - | - | - | - | 119 333 | 108 358 | 97 384 |
| Total number of households | 5 | - | - | - | - | - | - | 160 697 | 153 859 | 147 020 |
| Households receiving Free Basic Service | 7 | | | | | | | | | |
| Water (6 kilolitres per household per month) | | - | - | - | - | - | - | 7 144 | 7 573 | 8 027 |
| Sanitation (free minimum level service) | | - | - | - | - | - | - | 7 144 | 7 573 | 8 027 |
| Electricity/other energy (50kwh per household per month) | | - | - | - | - | - | - | 7 144 | 7 573 | 8 027 |
| Refuse (removed at least once a week) | | - | - | - | - | - | - | 7 144 | 7 573 | 8 027 |
| Cost of Free Basic Services provided - Formal Settlements (R'000) | 8 | | | | | | | | | |
| Water (6 kilolitres per indigent household per month) | | - | - | - | - | - | - | 422 | 473 | 530 |
| Sanitation (free sanitation service to indigent households) | | - | - | - | - | - | - | 422 | 473 | 530 |
| Electricity/other energy (50kwh per indigent household per month) | | - | - | - | - | - | - | 604 | 674 | 755 |
| Refuse (removed once a week for indigent households) | | - | - | - | - | - | - | 747 | 837 | 937 |
| Cost of Free Basic Services provided - Informal Formal Settlements (R'000) | | | | | | | | | | |
| Refuse (removed once a week for indigent households) | | - | - | - | - | - | - | 2 076 | 2 318 | 2 595 |
| Total cost of FBS provided | | - | - | - | - | - | - | 4 271 | 4 775 | 5 346 |
| Highest level of free service provided per household | | | | | | | | | | |
| Property rates (R value threshold) | | - | - | - | - | - | - | 60 000 | 60 000 | 60 000 |
| Water (kilolitres per household per month) | | - | - | - | - | - | - | 6 | 6 | 6 |
| Sanitation (kilolitres per household per month) | | - | - | - | - | - | - | 6 | 6 | 6 |
| Sanitation (Rand per household per month) | | - | - | - | - | - | - | 142 | 150 | 158 |
| Electricity (kwh per household per month) | | - | - | - | - | - | - | 50 | 50 | 50 |
| Refuse (average litres per week) | | - | - | - | - | - | - | 240 | 240 | 240 |
| Revenue cost of subsidised services provided (R'000) | 9 | | | | | | | | | |
| Property rates (tariff adjustment) (impermissible values per section 17 of MPRA) | | - | - | - | - | - | - | 15 | 15 | 15 |
| Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA | | - | - | - | - | - | - | 26 470 | 28 032 | 29 658 |
| Water (in excess of 6 kilolitres per indigent household per month) | | - | - | - | - | - | - | - | - | - |
| Sanitation (in excess of free sanitation service to indigent households) | | - | - | - | - | - | - | - | - | - |
| Electricity/other energy (in excess of 50 kwh per indigent household per month) | | - | - | - | - | - | - | - | - | - |
| Refuse (in excess of one removal a week for indigent households) | | - | - | - | - | - | - | - | - | - |
| Municipal Housing - rental rebates | | - | - | - | - | - | - | - | - | - |
| Housing - top structure subsidies | | - | - | - | - | - | - | - | - | - |
| Other | | - | - | - | - | - | - | - | - | - |
| Total revenue cost of subsidised services provided | 6 | - | - | - | - | - | - | 26 485 | 28 047 | 29 673 |

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. Strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the ‘free services’ represent about 4 per cent of total operating revenue.

Part 2 – Supporting Documentation

3.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality’s IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality’s revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

3.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule. Key dates applicable to the process were:

- August 2016 – Joint strategic planning session of the Mayoral Committee and Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2017/18 MTREF;
- November 2016 – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;

- January 2017 - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- January 2017 – Multi-year budget proposals are submitted to the Executive Mayor for endorsement;
- February 2017 - Council considers the 2016/17 Mid-year Review and Adjustments Budget;
- February 2017 - Recommendations of the Executive Mayor are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2017/18 MTREF is revised accordingly;
- March 2017 - Tabling in Council of the draft 2017/18 IDP and 2017/18 MTREF for public consultation;
- April 2017 – Public consultation;
- April 2017 - Closing date for written comments;
- April 2017 – finalisation of the 2016/17 IDP and 2016/17 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- May 2017 - Tabling of the 2017/18 MTREF before Council for consideration and approval.

3.1.2 IDP and Service Delivery and Budget Implementation Plan

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

3.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2017/18 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/18 MTREF:

- Municipal growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)

- Performance trends
- The approved 2016/17 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54 and 55 has been taken into consideration in the planning and prioritisation process.

3.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2016/17 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 23 IDP Strategic Objectives

| 2016/17 Financial Year | 2017/18MTREF |
|---|--|
| 1. Provision of quality basic services and infrastructure | 1. Provision of quality basic services and infrastructure |
| 2. Economic growth and development that sustainable job creation | 2. Economic growth and development that leads to sustainable job creation |
| 3. Fight poverty and build clean, healthy, safe and sustainable communities Integrated Social Services for empowered and sustainable communities | 3.1 Fight poverty and build clean, healthy, safe and sustainable communities |
| | 3.2 Integrated Social Services for empowered and sustainable communities |
| 4. Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service | 4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service |
| 5. Promote sound governance Ensure financial sustainability Optimal institutional transformation to ensure capacity to achieve set objectives | 5.1 Promote sound governance |
| | 5.2 Ensure financial sustainability |
| | 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives |

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide public transport;
 - Provide municipal planning services; and
 - Maintaining the infrastructure of the municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective municipal cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
 - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
 - Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
 - Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
 - Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
 - Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2016/17 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 24 MBRR Table SA4-Reconciliation between the IDP strategic objectives and budgeted revenue

| Strategic Objective | Goal | Goal Code | Ref | 2013/14 | 2014/15 | 2015/16 | Current Year 2016/17 | | | 2017/18 Medium Term Revenue & Expenditure Framework | | |
|--|--|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand | | | | | | | | | | | | |
| Sustainable Service - Electricity | Electricity | A | | - | - | - | - | - | - | 767 603 | 817 876 | 878 270 |
| Sustainable Service - Water | Water | A | | - | - | - | - | - | - | 167 455 | 178 018 | 187 810 |
| Sustainable Service - Sanitation | Sanitation | A | | - | - | - | - | - | - | 38 005 | 40 005 | 42 006 |
| Sustainable Service - Waste Management | Waste Management | A | | - | - | - | - | - | - | 38 300 | 39 613 | 41 938 |
| Infrastructure - Cemeteries And Parks | Cemeteries And Parks | A | | - | - | - | - | - | - | 1 051 | 1 113 | 1 178 |
| Infrastructure - Land And Housing | Land And Housing | A | | - | - | - | - | - | - | 2 514 | 2 662 | 2 817 |
| Good Governance - Support Service | Support Service | B | | - | - | - | - | - | - | - | - | - |
| Good Governance - Financial Management | Financial Management | B | | - | - | - | - | - | - | 965 102 | 1 047 107 | 1 127 366 |
| Good Governance - Human Resources | Human Resources | B | | - | - | - | - | - | - | - | - | - |
| Social Development - Arts, Culture, Sports And Recreation | Arts, Culture, Sports And Recreation | B | | - | - | - | - | - | - | 92 | 97 | 103 |
| Safety And Security - Road Safety, Fire And Disaster, Security | Road Safety, Fire And Disaster, Security | B | | - | - | - | - | - | - | 6 355 | 6 730 | 7 120 |
| Sustainable Service - Health | Health | A | | - | - | - | - | - | - | - | - | - |
| Sustainable Service - Community And Others | Community And Others | A | | - | - | - | - | - | - | 2 712 | 128 | 136 |
| Infrastructure - Roads And Stormwater | Roads And Stormwater | A | | - | - | - | - | - | - | - | - | - |
| Environmental Management - Pollution | Pollution | A | | - | - | - | - | - | - | - | - | - |
| Good Governance - Council And Public Participation | Good Governance | A | | - | - | - | - | - | - | - | - | - |
| | | | | - | - | - | - | - | - | - | - | - |
| Allocations to other priorities | | | 2 | - | - | - | - | - | - | - | - | - |
| Gains on disposal of PPE | | | 1 | - | - | - | - | - | - | 1 989 190 | 2 133 350 | 2 288 744 |

Table 25 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

| Strategic Objective | Goal | Goal Code | Ref | 2013/14 | 2014/15 | 2015/16 | Current Year 2016/17 | | | 2017/18 Medium Term Revenue & Expenditure Framework | | |
|--|--|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| | | | | R thousand | | | | | | | | |
| Sustainable Service - Electricity | Electricity | A | | - | - | - | - | - | - | 506 539 | 535 813 | 565 180 |
| Sustainable Service - Water | Water | A | | - | - | - | - | - | - | 221 020 | 235 922 | 248 766 |
| Sustainable Service - Sanitation | Sanitation | A | | - | - | - | - | - | - | 31 282 | 31 497 | 33 324 |
| Sustainable Service - Waste Management | Waste Management | A | | - | - | - | - | - | - | 69 835 | 73 554 | 77 472 |
| Infrastructure - Cemeteries And Parks | Cemeteries And Parks | A | | - | - | - | - | - | - | 15 650 | 16 574 | 17 535 |
| Infrastructure - Land And Housing | Land And Housing | A | | - | - | - | - | - | - | 27 772 | 29 394 | 31 099 |
| Good Governance - Support Service | Support Service | B | | - | - | - | - | - | - | 90 842 | 98 408 | 104 115 |
| Good Governance - Financial Management | Financial Management | B | | - | - | - | - | - | - | 1 049 913 | 1 027 865 | 1 021 037 |
| Good Governance - Human Resources | Human Resources | B | | - | - | - | - | - | - | 4 259 | 2 392 | 2 531 |
| Planning And Development | Planning And Development | B | | - | - | - | - | - | - | 2 033 | 1 941 | 2 054 |
| Social Development - Arts, Culture, Sports And Recreation | Arts, Culture, Sports And Recreation | B | | - | - | - | - | - | - | 17 980 | 19 041 | 20 134 |
| Safety And Security - Road Safety, Fire And Disaster, Security | Road Safety, Fire And Disaster, Security | B | | - | - | - | - | - | - | 120 925 | 128 688 | 136 152 |
| Sustainable Service - Health | Health | A | | - | - | - | - | - | - | 4 284 | 4 537 | 4 800 |
| Sustainable Service - Community And Others | Community And Others | A | | - | - | - | - | - | - | 35 409 | 34 998 | 37 028 |
| Infrastructure - Roads And Stormwater | Roads And Stormwater | A | | - | - | - | - | - | - | 37 777 | 40 006 | 42 326 |
| Environmental Management - Pollution | Pollution | A | | - | - | - | - | - | - | 734 | 777 | 822 |
| Good Governance - Council And Public Participation | Good Governance | A | | - | - | - | - | - | - | 69 800 | 72 396 | 76 595 |
| Allocations to other priorities | | | | - | - | - | - | - | - | - | - | - |
| Total Expenditure | | | 1 | - | - | - | - | - | - | 2 306 054 | 2 353 803 | 2 420 970 |

Table 26 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

| Strategic Objective | Goal | Goal Code | Ref | 2013/14 | 2014/15 | 2015/16 | Current Year 2016/17 | | | 2017/18 Medium Term Revenue & Expenditure Framework | | |
|--|--|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| | | | | R thousand | | | | | | | | |
| Sustainable Service - Electricity | Electricity | A | | - | - | - | - | - | - | 2 014 | 1 022 | 1 035 |
| Sustainable Service - Water | Water | A | | - | - | - | - | - | - | 123 000 | 95 000 | 110 000 |
| Sustainable Service - Sanitation | Sanitation | A | | - | - | - | - | - | - | 10 000 | 67 000 | 98 000 |
| Sustainable Service - Waste Management | Waste Management | A | | - | - | - | - | - | - | - | 5 000 | 5 935 |
| Infrastructure - Cemeteries And Parks | Cemeteries And Parks | A | | - | - | - | - | - | - | - | - | - |
| Infrastructure - Land And Housing | Land And Housing | A | | - | - | - | - | - | - | - | - | - |
| Good Governance - Support Service | Support Service | B | | - | - | - | - | - | - | - | - | - |
| Good Governance - Financial Management | Financial Management | B | | - | - | - | - | - | - | - | - | - |
| Good Governance - Human Resources | Human Resources | B | | - | - | - | - | - | - | - | - | - |
| Planning And Development | Planning And Development | B | | - | - | - | - | - | - | - | - | - |
| Social Development - Arts, Culture, Sports And Recreation | Arts, Culture, Sports And Recreation | B | | - | - | - | - | - | - | 13 000 | 4 000 | - |
| Safety And Security - Road Safety, Fire And Disaster, Security | Road Safety, Fire And Disaster, Security | B | | - | - | - | - | - | - | 13 986 | 14 978 | 34 965 |
| Sustainable Service - Health | Health | A | | - | - | - | - | - | - | - | - | - |
| Sustainable Service - Community And Others | Community And Others | A | | - | - | - | - | - | - | 7 000 | 19 000 | 5 000 |
| Infrastructure - Roads And Stormwater | Roads And Stormwater | A | | - | - | - | - | - | - | 132 005 | 118 486 | 103 000 |
| Environmental Management - Pollution | Pollution | A | | - | - | - | - | - | - | - | - | - |
| Good Governance - Council And Public Participation | Good Governance | A | 3 | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure | | | 1 | - | - | - | - | - | - | 301 005 | 324 486 | 357 935 |

3.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

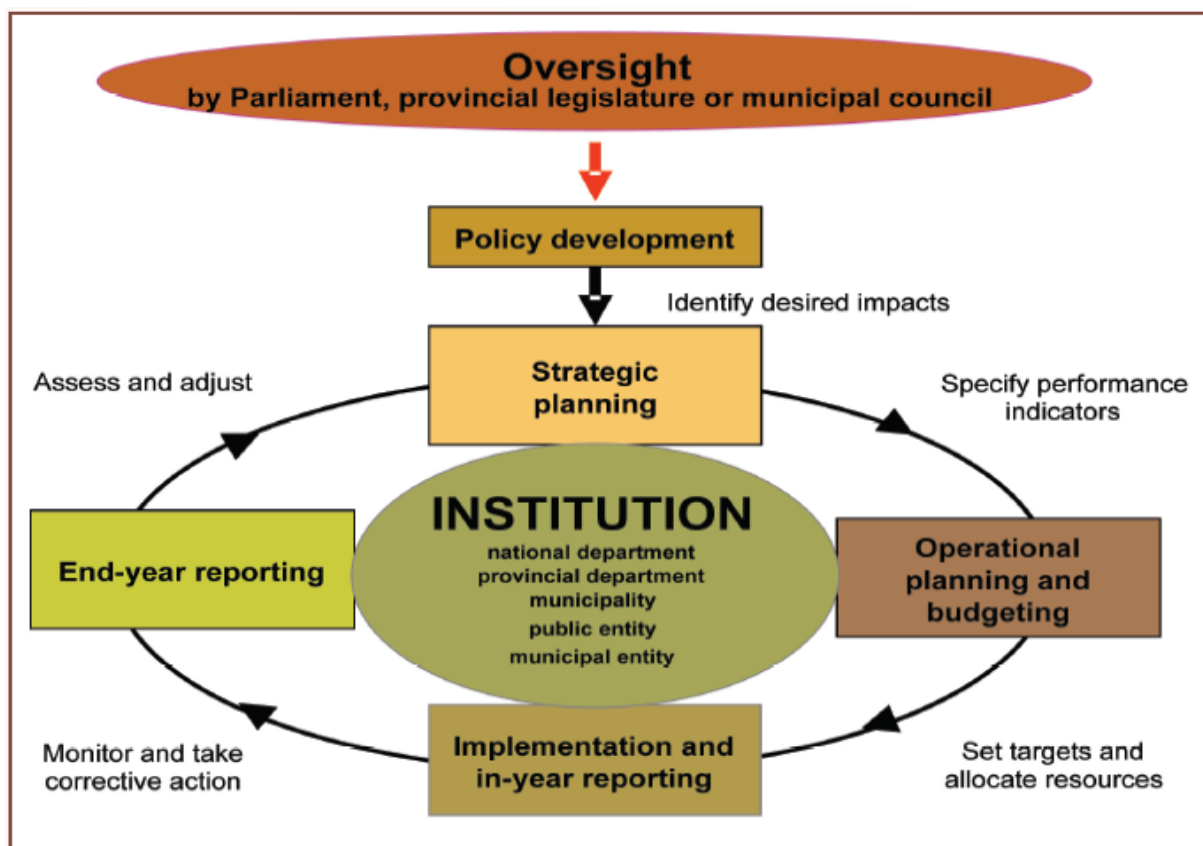


Figure 1 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Madibeng Local Municipality therefore has adopted one integrated performance management system that encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by Madibeng Local Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

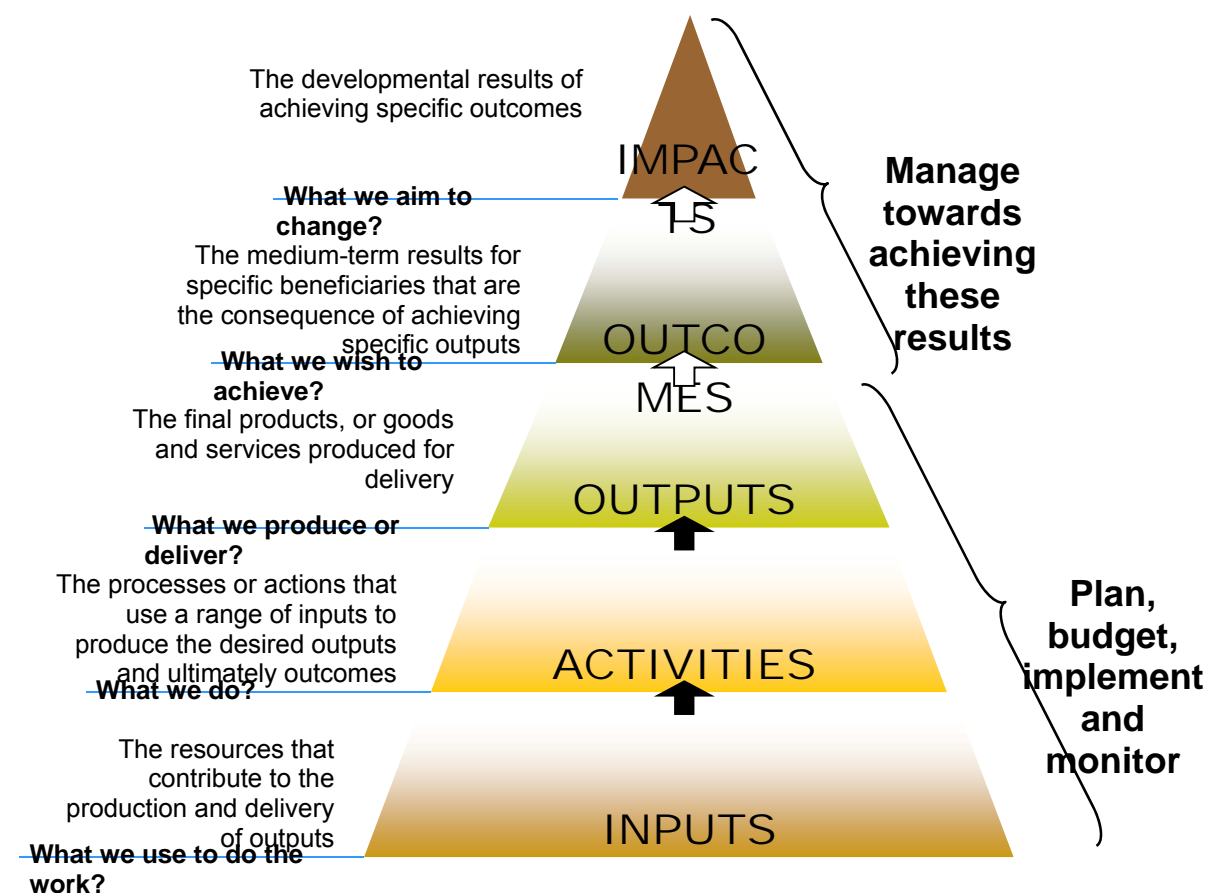


Figure 2 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

The following table sets out the municipalities main performance objectives and benchmarks for the 2017/18 MTREF.

Table 28 MBRR Table SA8 - Performance indicators and benchmarks

| Description of financial indicator | Basis of calculation | 2013/14 | 2014/15 | 2015/16 | Current Year 2016/17 | | | | 2017/18 Medium Term Revenue & Expenditure Framework | | |
|--|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| <u>Borrowing Management</u> | | | | | | | | | | | |
| Credit Rating | | | | | | | | | | | |
| Capital Charges to Operating Expenditure | Interest & Principal Paid /Operating Expenditure | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 4,3% | 4,6% | 4,5% |
| Capital Charges to Own Revenue | Finance charges & Repayment of borrowing /Own Revenue | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 9,0% | 9,1% | 8,7% |
| Borrowed funding of 'own' capital expenditure | Borrowing/Capital expenditure ex cl. transfers and grants and contributions | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| <u>Safety of Capital</u> | | | | | | | | | | | |
| Gearing | Long Term Borrowing/ Funds & Reserves | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| <u>Liquidity</u> | | | | | | | | | | | |
| Current Ratio | Current assets/current liabilities | - | - | - | - | - | - | - | 1,9 | 1,9 | 2,0 |
| Current Ratio adjusted for aged debtors | Current assets less debtors > 90 days/current liabilities | - | - | - | - | - | - | - | 1,9 | 1,9 | 2,0 |
| Liquidity Ratio | Monetary Assets/Current Liabilities | - | - | - | - | - | - | - | 0,3 | 0,3 | 0,2 |
| <u>Revenue Management</u> | | | | | | | | | | | |
| Annual Debtors Collection Rate (Payment Level %) | Last 12 Mths Receipts/Last 12 Mths Billing | | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 75,9% | 75,1% |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue) | | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 75,9% | 75,1% | 75,2% |
| Outstanding Debtors to Revenue | Total Outstanding Debtors to Annual Revenue | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 24,2% | 23,1% | 22,1% |
| Longstanding Debtors Recovered | Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old | | | | | | | | | | |
| <u>Creditors Management</u> | | | | | | | | | | | |
| Creditors System Efficiency | % of Creditors Paid Within Terms (within MFMA' s 65(e)) | | | | | | | | | | |
| Creditors to Cash and Investments | | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 708,8% | 213,9% | 104,7% |
| <u>Other Indicators</u> | | | | | | | | | | | |
| Electricity Distribution Losses (2) | Total Volume Losses (kW) | | | | | | | | | | |
| | Total Cost of Losses (Rand '000) | | | | | | | | | | |
| | % Volume (units purchased and generated less units sold)/units purchased and generated | | | | | | | | | | |
| Water Distribution Losses (2) | Total Volume Losses (kℓ) | | | | | | | | | | |
| | Total Cost of Losses (Rand '000) | | | | | | | | | | |
| | % Volume (units purchased and generated less units sold)/units purchased and generated | | | | | | | | | | |
| Employee costs | Employee costs/(Total Revenue - capital revenue) | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 22,6% | 22,4% | 22,2% |
| Remuneration | Total remuneration/(Total Revenue - capital revenue) | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | | 24,2% | 24,0% | 23,8% |
| Repairs & Maintenance | R&M/(Total Revenue excluding capital revenue) | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | | 5,0% | 4,9% | 4,9% |
| Finance charges & Depreciation | FC&D/(Total Revenue - capital revenue) | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 41,7% | 36,8% | 33,1% |
| <u>IDP regulation financial viability indicators</u> | | | | | | | | | | | |
| i. Debt coverage | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year) | - | - | - | - | - | - | - | 15,3 | 15,3 | 16,2 |
| ii.O/S Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 41,0% | 39,5% | 38,2% |
| iii. Cost coverage | (Available cash + Investments)/monthly fixed operational expenditure | - | - | - | - | - | - | - | 0,2 | 0,7 | 1,4 |

3.3.1 Performance indicators and benchmarks

3.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Madibeng Municipality's borrowing strategy is primarily informed by the affordability of debt repayments

3.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves. As part of the planning guidelines that informed the compilation of the 2017/18 MTREF ensuring proper cash-backing of reserves and funds has been considered a prudent financial sustainability objective.

3.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2017/18 MTREF the current ratio is 1.9 in the 2018/19 financial year and 1.9 and 2.0 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

3.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

3.3.1.5 Creditors Management

- The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business.
-

3.3.1.6 Other Indicators

- The water and electricity distribution losses are of serious concern and provision has been made in the capital budget for water loss control equipment.
- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the municipality's strategy to ensure the management of its asset base.

3.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. With the exception of water, only registered indigents qualify for the free basic services.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

3.3.3 Providing clean water and managing waste water

The municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 70 per cent of the municipality's bulk water needs are provided directly by Rand Water and the City of Tshwane in the form of purified water. The remaining 30 per cent is generated from the municipality's own water sources, such as boreholes and national dams such as Hartbeespoort.

3.4 Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

3.4.1 Review of credit control and debt collection procedures/policies

The Credit Control and Debt Collection Policy as approved by Council in May 2015 are currently under review. While the adopted policy is credible, sustainable, manageable and informed by

affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the funds provided in the EPWP should aim to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

3.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

3.4.3 Budget Approval Policy

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

3.4.4 Supply Chain Management Policy

Council adopted the Supply Chain Management Policy in May 2015. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on. A Standard Operating Procedure Manual on SCM has been developed and implemented.

3.4.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations.

3.4.6 Cash Management and Investment Policy

The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

3.4.7 Tariff Policies

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policy has been revised and is submitted for approval. Provision for a 100 per cent subsidy for indigents and pensioners has been provided.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and
- Indigent Policy.

3.5 Overview of budget assumptions

3.5.1 External factors

The official unemployment rate of the labour force.

The total number of unemployed people

3.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2017/18 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration.

3.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2017/18

MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2017/18 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

3.5.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (68.9 per cent) of annual billings. Cash flow is assumed to be 68.9 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

3.5.5 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

It is important to note that Madibeng is a predominately rural municipality with many towns and villages under traditional management with limited revenue derived from the informal villages. Formalisation of these rural villages should be addressed as a high priority to broaden the municipality's revenue base.

3.5.6 Salary increases

Provision has been made for a 7.4% salary increase in terms of the guidelines from National Treasury

3.5.7 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
 - Enhancing education and skill development;
 - Improving Health services;
-

- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

3.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2017/18 MTREF of which performance has been factored into the cash flow budget.

3.6 Overview of budget funding

3.6.1 Medium-term outlook: operating revenue

The municipality has set cost reflective tariffs based on cost drivers, and consideration was given to primary and secondary costs of services to be provided including local economic conditions. Serious consideration was given to affordability of services by the consumers and tariff increase are to be set at 6.4% in line with SARB inflation target and as guided by National Treasury except for trading services such as electricity, sanitation and water which are derived from costs to be incurred.

The tariff for a service must therefore be sufficient to cover the cost of the initial capital expenditure required and interest thereon, managing and operating the service and maintaining, repairing and replacing the physical assets used in its provision. However, sustainability does not only mean that the price of the service must include all the relevant cost elements, it also means that charges to be levied must be collected

The proposed tariff increases from various sector departments were also considered.

- NERSA approval on municipal electricity tariffs of 0.31% per cent;
- Rand-Water tariff increase and;
- City of Tshwane Tariff increase.

3.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2017/18 medium-term capital programme:

Table 29 Sources of capital revenue over the MTREF

| Description | Approved Budget 2016/2017 | Adjustment Budget 2016/2017 | Budget Year 1 2017/2018 | Budget Year +1 2018/2019 | Budget Year +2 2019/2020 |
|-------------------------------------|------------------------------|--------------------------------|----------------------------|-----------------------------|-----------------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Municipal Infrastructure Grant | 242 907 | 242 907 | 287 005 | 304 486 | 322 935 |
| Integrated National Electrification | 12 304 | 12 304 | 14 000 | 22 000 | 35 000 |
| Total Grants & Subsidies | 255 211 | 255 211 | 301 005 | 326 486 | 357 935 |

3.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 30 MBRR Table A7 - Budget cash flow statement

| Description | Ref | 2013/14 | 2014/15 | 2015/16 | Current Year 2016/17 | | | | 2017/18 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| R thousand | | | | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Property rates | | - | - | - | - | - | - | - | 230 000 | 240 000 | 255 000 |
| Service charges | | - | - | - | - | - | - | - | 526 000 | 552 000 | 582 000 |
| Other revenue | | - | - | - | - | - | - | - | 29 512 | 30 735 | 32 008 |
| Government - operating | 1 | - | - | - | - | - | - | - | 571 733 | 627 800 | 683 960 |
| Government - capital | 1 | - | - | - | - | - | - | - | 301 005 | 324 486 | 357 935 |
| Interest | | - | - | - | - | - | - | - | 69 500 | 72 825 | 77 162 |
| Dividends | | - | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | | |
| Suppliers and employees | | - | - | - | - | - | - | - | (1 359 292) | (1 438 155) | (1 521 195) |
| Finance charges | | - | - | - | - | - | - | - | - | - | - |
| Transfers and Grants | 1 | - | - | - | - | - | - | - | (10 000) | (10 590) | (11 204) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | - | - | - | - | - | - | - | 358 458 | 399 100 | 455 666 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Proceeds on disposal of PPE | | - | - | - | - | - | - | - | - | - | - |
| Decrease (increase) in non-current debtors | | - | - | - | - | - | - | - | - | - | - |
| Decrease (increase) other non-current receivables | | - | - | - | - | - | - | - | - | - | - |
| Decrease (increase) in non-current investments | | - | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | | |
| Capital assets | | - | - | - | - | - | - | - | (301 005) | (324 486) | (357 935) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | - | - | - | - | - | - | - | (301 005) | (324 486) | (357 935) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Short term loans | | - | - | - | - | - | - | - | - | - | - |
| Borrowing long term/refinancing | | - | - | - | - | - | - | - | - | - | - |
| Increase (decrease) in consumer deposits | | - | - | - | - | - | - | - | - | - | - |
| Payments | | | | | | | | | | | |
| Repayment of borrowing | | - | - | - | - | - | - | - | - | - | - |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | - | - | - | - | - | - | - | - | - | - |
| NET INCREASE/ (DECREASE) IN CASH HELD | | - | - | - | - | - | - | - | 57 453 | 74 614 | 97 731 |
| Cash/cash equivalents at the year begin: | 2 | - | - | - | - | - | - | - | (29 235) | 28 218 | 102 832 |
| Cash/cash equivalents at the year end: | 2 | - | - | - | - | - | - | - | 28 218 | 102 832 | 200 563 |

The above table shows that the cash and cash equivalents of the municipality were largely depleted but will increase with the strict debt collection that will be implemented during the last quarter of the 2015/16 financial year.

Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 31 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

| Description | Ref | 2013/14 | 2014/15 | 2015/16 | Current Year 2016/17 | | | | 2017/18 Medium Term Revenue & Expenditure Framework | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2017/18 | Budget Year +1 2018/19 | Budget Year +2 2019/20 |
| Cash and investments available | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 1 | - | - | - | - | - | - | - | 28 218 | 102 832 | 200 563 |
| Other current investments > 90 days | | - | - | - | - | - | - | - | 282 | (63 832) | (166 563) |
| Non current assets - Investments | 1 | - | - | - | - | - | - | - | 13 000 | 13 500 | 14 000 |
| Cash and investments available: | | - | - | - | - | - | - | - | 41 500 | 52 500 | 48 000 |
| Application of cash and investments | | | | | | | | | | | |
| Unspent conditional transfers | | - | - | - | - | - | - | - | - | - | - |
| Unspent borrowing | | - | - | - | - | - | - | - | - | - | - |
| Statutory requirements | 2 | - | - | - | - | - | - | - | - | - | - |
| Other working capital requirements | 3 | - | - | - | - | - | - | - | (85 653) | (68 424) | (84 178) |
| Other provisions | | - | - | - | - | - | - | - | 117 000 | 118 000 | 119 000 |
| Long term investments committed | 4 | - | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | 5 | - | - | - | - | - | - | - | - | - | - |
| Total Application of cash and investments: | | - | - | - | - | - | - | - | 31 347 | 49 576 | 34 822 |
| Surplus(shortfall) | | - | - | - | - | - | - | - | 10 153 | 2 924 | 13 178 |

3.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA

3.6.4.1 Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a

minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements

3.6.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

3.6.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

3.6.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

3.6.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase. The result is intended to be an approximation of the real increase in revenue

3.6.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget

3.6.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. Considering the debt

incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

3.6.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

3.6.4.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

3.6.4.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

3.6.4.11 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the municipality's policy of settling debtors accounts within 30 days.

3.6.4.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

3.6.4.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

2.9 Annual budgets and SDBIPs – internal

2.11 Contracts having future budgetary implications

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.

2. Internship programme

The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the first intake in 2008 two were employed permanently. Of the ten interns appointed in 2012, seven were employed permanently and three left. Five interns were appointed in 2015.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2017/18 MTREF in May 2017 directly aligned and informed by the 2017/18 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MFMA Training

The MFMA training module in electronic format is available to all financial staff.

8. Policies

All financial related policies are reviewed on an annual bases or whenever the need arises and submitted with the budget for adoption by council.

2.13 Municipal manager's quality certificate

I, acting municipal manager of Madibeng Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Madibeng Local Municipality (NW372)

Signature _____

Date _____